

State of Alaska FY2008 Governor's Operating Budget

Dept of Commerce,Community,& Economic Development Performance Measures

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Dept of Commerce,Community,& Economic Development

Mission

To promote a healthy economy and strong communities in Alaska.

Core Services

- Coordination, development and promotion of programs for sustainable economic growth.
- Regulation and enforcement to protect the consumer and to provide a stable business climate.
- Assist communities to achieve maximum local self-government.

End Results	Strategies to Achieve Results
A: Sustainable economic growth. <u>Target #1:</u> 19,000 jobs created and maintained in 4 years. <u>Measure #1:</u> Number of jobs created beginning in 2002 to 2006.	A1: Implement economic development programs and projects. <u>Target #1:</u> Identify and fund 50 programs and projects. <u>Measure #1:</u> Number of programs and projects funded.
End Results	Strategies to Achieve Results
B: Increase number of Alaska citizens who have access to local government services. <u>Target #1:</u> 100% of municipal governments provide essential public services. <u>Measure #1:</u> Percentage of municipal governments providing essential public services.	B1: Improve quality of department's available resources to the public <u>Target #1:</u> Increase the number of communities participating in workshops and technical training provided by the divisions. <u>Measure #1:</u> Number of communities participating in workshops and technical training.

Major Activities to Advance Strategies

- Strengthen rural communities by providing technical assistance.
- Diversify Alaska's economic base to benefit all Alaskans.
- Market Alaska's commercial opportunities and geographic advantages to the rest of the nation and the global business community.
- Strengthen Alaska's businesses by providing technical and financial assistance.
- Maintain a fair and consistent regulatory environment.

FY2008 Resources Allocated to Achieve Results

FY2008 Department Budget: \$207,999,300

Personnel:

Full time	511
Part time	3
Total	514

Performance Measure Detail

A: Result - Sustainable economic growth.

Target #1: 19,000 jobs created and maintained in 4 years.

Measure #1: Number of jobs created beginning in 2002 to 2006.

Number of Jobs Created and Maintained

Year	YTD Total
2003	4,200
2004	4,900
2005	5,700

In 2002, there was an average of 295,100 payroll jobs in Alaska and that has increased to 309,900 jobs in 2005. This is a three year growth rate of 5.02%. The number of jobs created in the calendar year 2005 was an increase of 5,700 jobs over 2004. This is a one year growth rate of 1.8%. As of September 2006, the average number of job has increased to 6.8%

Analysis of results and challenges: Continued investment in different programs and providing loans to businesses and for construction helped to stimulate the economy and create jobs. The economic study determined that in 2005 Alaska Aerospace Development Corporation's economic impact on the Kodiak economy totaled \$24 million and the corporation spent \$27.3 million in support of its overall mission, resulting in a 35% increase over 2004. This spending created 271 direct, indirect and induced jobs in Alaska and displaced employment reductions from other industries.

The Seafood industry, the Community Development Quota program, mining, and the visitor industry also created a large number of new jobs for the State in 2005. The Division of Investment has maintained the same number of jobs in 2006 through the Commercial Fishing Loan. The Southeast region experienced some increase in timber related employment.

A1: Strategy - Implement economic development programs and projects.

Target #1: Identify and fund 50 programs and projects.

Measure #1: Number of programs and projects funded.

Number of Programs and Projects Funded

Fiscal Year	YTD Total
FY 2005	53
FY 2006	60

Analysis of results and challenges: The increase in number is due to the additional federal programs received by the department.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services.

Measure #1: Percentage of municipal governments providing essential public services.

Percentage of essential public service

Fiscal Year	YTD Total
FY 2004	85%
FY 2005	80%
FY 2006	83%

Analysis of results and challenges: The decrease in percentage of services in 2005 was due to the reduction in police protection force and the increase of fuel cost in various rural cities. The department is implementing a

more detailed tracking system to collect information that is self reported by communities. In 2006, the Department has worked with rural cities to increase the percentage of services, such as in the election, budget, and other essential services.

B1: Strategy - Improve quality of department's available resources to the public

Target #1: Increase the number of communities participating in workshops and technical training provided by the divisions.

Measure #1: Number of communities participating in workshops and technical training.

Number of Communities Participating

Fiscal Year	YTD Total
FY 2003	15
FY 2004	22 +46.67%
FY 2005	32 +45.45%
FY 2006	36 +12.50%

Analysis of results and challenges: The technical training provided by the department has assisted the communities to reduce financial problems.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

Category A – Functions and programs that are essential to the Department's mission of promoting a healthy economy and strong communities in Alaska.

1. Local Government Development
2. Local Boundary Commission
3. Community and Business Development
4. Community Development Quota (CDQ) Program
5. Fisheries Development and Marketing
6. Development Financial Services
7. State Assessor and Property Tax
8. Land Management and Mapping
9. Rural Utility Business Advisor (RUBA)

Category B – Essential programs and functions other than those listed in Category A that are central to the Department's mission.

10. Alaska Energy Authority Programs
11. Alaska Aerospace Development

Category C – Regulatory programs established in statute to protect the consumer and to provide for a stable business climate.

12. Regulate Financial Institutions
13. Regulate Securities
14. Register Corporations
15. Regulate Insurance Industry
16. Occupational Licensing
17. Business Licensing
18. Regulate Public Utilities and Pipeline Carriers

1. Local Government Development. Ensure local

10. Alaska Energy Authority Programs. Administer rural

- governments are functioning and viable by providing advice and information regarding public services, financial management training, election information, and financial assistance.
2. Local Boundary Commission. Offer recommendations regarding municipal boundary changes and incorporations.
 3. Community and Business Development. Provide grants, advice, information, financial management training, and financial assistance to tribal governments, communities and other organizations.
 4. Community Development Quota (CDQ) Program. Promote commercial fisheries related economic development in western Alaska through allocation of percentages of each fisheries species to coalitions of communities.
 5. Fisheries Development and Marketing. Promote economic development of Alaska's commercial fisheries and seafood industry and market Alaska seafood products domestically and overseas.
 6. Development Financial Services. Provide various means of financing and facilitate the financing of businesses, commercial fisheries, and hatcheries in Alaska.
 7. State Assessor and Property Tax. Assist municipalities regarding assessment and tax issues; make local property full and true value determinations; monitor local assessment practices for compliance with State law.
 8. Land Management and Mapping. Ensure public projects have site control; administer the Municipal Lands Trust program; produce and provide community maps.
 9. Rural Utility Business Advisor (RUBA). Encourage rural water and sewer utilities to operate as a business; offer business, finance, personnel and management assistance to local governments and organizations.
 - energy programs.
 11. Alaska Aerospace Development. Provide rocket launch services to government and commercial customers.
 12. Regulate Financial Institutions. Regulate commercial banks, mutual savings banks, credit unions, trust companies, bank holding companies, small loan offices, premium finance offices, and Business and Industrial Development Corporations.
 13. Regulate Securities. Regulate the offer and sale of securities in Alaska.
 14. Register Corporations. Provide legal recognition to businesses by serving as a filing agency.
 15. Regulate Insurance Industry. Develop and enforce the insurance statutes and regulations to: protect and educate the consumer; assure competitive, viable, ethical and lawful insurance is available to Alaskans; and enhance the insurance business environment
 16. Occupational Licensing. Administer 38 occupational licensing programs covering 130 occupations.
 17. Business Licensing. License approximately 73,000 businesses to engage in commerce in Alaska.
 18. Regulate Utilities and Pipeline Carriers. Ensure affordable and reliable utility and pipeline services.

Component: Administrative Services

Contribution to Department's Mission

To provide management services and administrative support to all divisions and agencies.

Core Services

- Financial Support Services of Budget, Accounting, Monitoring, and Reporting
- Procurement and Office Space Management
- Information Technology
- Publications

End Results	Strategies to Achieve Results
A: Ensure compliance to all accounting principles. <u>Target #1:</u> Zero audit findings. <u>Measure #1:</u> Number of audit findings. <u>Target #2:</u> Zero questioned costs required to be returned to federal government. <u>Measure #2:</u> Amount of questioned costs returned to federal government.	A1: Actively manage the financial activities of each agency. <u>Target #1:</u> Meet with program staff and analyze financial information on a continuing basis on all agencies <u>Measure #1:</u> Number of agencies
End Results	Strategies to Achieve Results
B: Provide effective and efficient procurement-related services. <u>Target #1:</u> Zero procurement protests. <u>Measure #1:</u> Number of procurement protests resolved by Department. <u>Target #2:</u> Zero procurement protests elevated to the appeal level handled by the Department of Administration. <u>Measure #2:</u> Number of appeals.	B1: Provide procurement-related training. <u>Target #1:</u> 100% of employees performing procurement-related services receive required procurement training. <u>Measure #1:</u> Percentage of employees performing procurement-related services that receive required procurement training.
End Results	Strategies to Achieve Results
C: Provide efficient and secure information technology services for the Department. <u>Target #1:</u> Zero security breaches. <u>Measure #1:</u> Number of security breaches <u>Target #2:</u> Zero software programs with major deficiencies. <u>Measure #2:</u> Number of software programs with major deficiencies.	C1: Provide technical training to information technology staff. <u>Target #1:</u> 100% of information technology staff complete at least one course per year. <u>Measure #1:</u> Percentage of information technology staff that complete at least one course per year. C2: Consolidate information technology services into one section. <u>Target #1:</u> 100% of information technology positions consolidated into the Division of Administrative Services. <u>Measure #1:</u> Percentage of information technology positions consolidated into the Division of Administrative

Services.

Major Activities to Advance Strategies

- Budget Preparation and Monitoring
- Office Space Management
- Maintain Effective Security of Department Data
- Procurement
- Legislative Hearing Support and Testimony
- Develop and Support E-Commerce Applications
- Appropriation, Fund and Cost Accounting
- Maintain Computer Network

FY2008 Resources Allocated to Achieve Results**FY2008 Component Budget: \$4,601,900****Personnel:**

Full time	45
Part time	0
Total	45

Performance Measure Detail**A: Result - Ensure compliance to all accounting principles.****Target #1:**Zero audit findings.**Measure #1:** Number of audit findings.**Number of Audit Recommendations**

Fiscal Year	YTD Total
FY 2003	3
FY 2004	0
FY 2005	1

Analysis of results and challenges: Department of Commerce, Community and Economic Development's component unit Alaska Aerospace Development Corporation had three audit recommendations in fiscal year 2003 for timely and accurately reporting with no questioned costs.

In 2005, DCCED had one finding related to recording capital expenditures in the correct chart of account year. This has been corrected

Target #2:Zero questioned costs required to be returned to federal government.**Measure #2:** Amount of questioned costs returned to federal government.**Amount of Questioned Costs Returned to Federal Government**

Fiscal Year	YTD Total
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0

Analysis of results and challenges: To be in compliance with audit and federal guidelines, the finance Section has strictly followed A-87 and A-122 and State rules and regulations on federal programs to eliminate audit or financial findings. This has assisted on a zero return of federal dollars.

A1: Strategy - Actively manage the financial activities of each agency.

Target #1: Meet with program staff and analyze financial information on a continuing basis on all agencies

Measure #1: Number of agencies

Number of agencies

Fiscal Year	YTD Total
FY 2005	12
FY 2006	12

Analysis of results and challenges: The fiscal has prepared financial projections to assist divisions and agencies to control their budget. This process has eliminated shortfalls in their budget.

B: Result - Provide effective and efficient procurement-related services.

Target #1: Zero procurement protests.

Measure #1: Number of procurement protests resolved by Department.

Number of procurement protests

Fiscal Year	YTD Total
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0

Analysis of results and challenges: Due to the complete analysis of each contracts, zero procurement protests elevated to the appeal level handled by the the Department of Administration

Target #2: Zero procurement protests elevated to the appeal level handled by the Department of Administration.

Measure #2: Number of appeals.

Number of procurement appeals

Fiscal Year	YTD Total
FY 2003	0
FY 2004	0
FY 2005	0
FY 2006	0

Analysis of results and challenges: Because the procuremnt staff were able to eliminate contract problems at an early stage, the department did not have any appeals from the contractors.

B1: Strategy - Provide procurement-related training.

Target #1: 100% of employees performing procurement-related services receive required procurement training.

Measure #1: Percentage of employees performing procurement-related services that receive required procurement training.

Percentage of employees receive training

Fiscal Year	YTD Total
FY 2004	50%
FY 2005	100%
FY 2006	100%

Analysis of results and challenges: The knowledge attained by the staff through the procurement training assisted them to follow rules set up by the Department of Administration which leads to no procurement violations.

C: Result - Provide efficient and secure information technology services for the Department.

Target #1: Zero security breaches.

Measure #1: Number of security breaches

Year	YTD Total
2003	0
2004	0
2005	0
2006	0

Analysis of results and challenges: The department's anti-virus software is continually upgraded to maintain security

Target #2: Zero software programs with major deficiencies.

Measure #2: Number of software programs with major deficiencies.

Analysis of results and challenges: The in-house programs are constantly maintained to avoid deficiencies.

C1: Strategy - Provide technical training to information technology staff.

Target #1: 100% of information technology staff complete at least one course per year.

Measure #1: Percentage of information technology staff that complete at least one course per year.

Percentage of information technology staff that complete at least one course per year

Fiscal Year	YTD Total
FY 2004	0%
FY 2005	17%
FY 2006	50%

Analysis of results and challenges: The Information Technology staff needs to stay current with the latest changes in technology.

C2: Strategy - Consolidate information technology services into one section.

Target #1: 100% of information technology positions consolidated into the Division of Administrative Services.

Measure #1: Percentage of information technology positions consolidated into the Division of Administrative Services.

Percentage of information technology staff consolidated into the Division of Administrative Services

Fiscal Year	YTD Total
FY 2005	30%
FY 2006	30%
FY 2007	85%

In fiscal year 2007 fourteen information technology staff were transferred to the Division of Administrative Services, resulting in twenty-two of the Department's twenty-six information technology staff consolidated within the Division.

Analysis of results and challenges: To create and maintain the uniformity in Information Technology for technical programmatic process

Component: Community Advocacy

Contribution to Department's Mission

To advise, assist, and coordinate efforts of local governments, individuals, and organizations so communities can effectively provide essential services.

Core Services

1. Local Government Assistance – Assist local governments to develop and maintain local capacities to provide efficient and effective services
2. RUBA Program – Increase the managerial and financial capacities of rural water and wastewater utilities
3. Land Management Assistance – Assist communities on regional and local basis to address and resolve land and planning issues
4. Financial Assistance – Provide financial assistance to communities through administration of multiple grant and funding distribution programs
5. Information Resources – Collect, analyze and publish local government information and economic development information
6. State Assessor - To promote justice and equity in the distribution of the tax burden and equalize values around the state to be used in conjunction with a variety of other programs, including education and various forms of revenue sharing.
7. Serve as staff to the Local Boundary Commission, including preparation of reports on proposed local boundary actions and distribution of information to residents and communities on incorporation, dissolution, annexation, or consolidation procedures.

End Results	Strategies to Achieve Results
<p>A: Deliver effective management advice and assistance to communities.</p> <p><u>Target #1:</u> 5% per year increase in number of communities using Division of Community Advocacy's management advice and assistance to avoid interruptions in essential community services.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p><u>Target #2:</u> Provide assistance to communities so that they can qualify for financial resource programs made available through the state.</p> <p><u>Measure #2:</u> Percentage of communities which completed requirements and received available funding.</p>	<p>A1: Improve DCA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.</p> <p><u>Target #1:</u> 5% increase per year in number of communities submitting budgets and audit/certified financial statements on time to the division as required by state statutes.</p> <p><u>Measure #1:</u> Percentage increase.</p> <p>A2: Increase the number of communities which have completed comprehensive community planning documents that will lead to better capital infrastructure investment decisions and resolve land issues that hinder local development.</p> <p><u>Target #1:</u> 15% increase per year in the number of communities that the division assists in completing community planning documents.</p> <p><u>Measure #1:</u> Percentage Increase</p> <p>A3: Provide assistance to grantees in the local administration of grants including preparation and submission of grant reports.</p> <p><u>Target #1:</u> 5% increase per year in the number of grantees</p>

	provided individual assistance. Measure #1: Percentage Increase
End Results	Strategies to Achieve Results
B: Increase number of Alaska citizens who have access to local government services. <u>Target #1:</u> 100% of municipal governments provide essential public services. <u>Measure #1:</u> Percentage of municipal governments providing essential public services.	B1: Improve capacity through direct training. <u>Target #1:</u> 5% increase per year in the number of communities participating in workshops provided by Division of Community Advocacy. <u>Measure #1:</u> Percentage increase. B2: Improve quality of division's available resources to the public. <u>Target #1:</u> 5% increase per year in the number of technical assistance publications updated or created. <u>Measure #1:</u> Percentage increase.
End Results	Strategies to Achieve Results
C: Increase number of communities demonstrating adequate capacity to manage rural utility systems. <u>Target #1:</u> 5% increase per year in number of rural utilities requesting assistance from the RUBA program to increase their management capacity. <u>Measure #1:</u> Percentage increase.	C1: Increase management capacity of rural utilities through on-site assistance <u>Target #1:</u> 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training. <u>Measure #1:</u> Percentage increase. C2: Increase management capacity of rural utilities through targeted management assistance. <u>Target #1:</u> 5% increase per year in rural utilities which meet all essential management indicators. <u>Measure #1:</u> Percentage increase. <u>Target #2:</u> 5% increase per year in rural utilities which meet all sustainable management indicators. <u>Measure #2:</u> Percentage Increase. C3: Improve DCA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions. <u>Target #1:</u> 5% increase per year in the number of regularly monitored communities by division staff. <u>Measure #1:</u> Percentage increase. C4: Increase number of interventions in communities before crisis develops through improving community capacity. <u>Target #1:</u> 5% increase per year in successful interventions in communities monitored by increasing the division's ability to intervene. <u>Measure #1:</u> Percentage increase.
End Results	Strategies to Achieve Results

D: To provide equity and consistency in full value determinations across state taxing jurisdictions.

Target #1: Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.

Measure #1: Percentage of municipal full value determination completed each year.

Target #2: Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.

Measure #2: Number of audits completed each year.

Target #3: Provide complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years, as required by statute.

Measure #3: Number of on site inspections made each year.

D1: Provide needed value modeling to produce adequate full values.

Target #1: Completion of the recalibration of each category in the value model every two years.

Measure #1: Number of recalibrations of tax models completed.

Major Activities to Advance Strategies

- Increase on-line availability of information on Alaskan communities as well as training and technical assistance resources.
- Provide direct community intervention, coordination with state/private entities, and funding through the bridge loan program.
- Train community officials and local government staff to build capacity to operate local governments.
- Train community officials and staff in the operation and management of essential utility facilities.
- Assist communities in resolving payroll tax issues prior to IRS liens being filed.
- Provide incentive funding and technical assistance to communities to expand facility master plan or land use plans into comprehensive plans.
- Coordinate federal, state and local resources to provide for digital community mapping.
- Seek resources to properly administer the increasing number of grants awarded to communities.
- Propose incentives that would encourage borough formations.
- Implement program to complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years.
- Provide training to municipal staff regarding tax assessment, valuation, and collection issues.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$10,252,400

Personnel:

Full time	54
Part time	0
Total	54

Performance Measure Detail

A: Result - Deliver effective management advice and assistance to communities.

Target #1: 5% per year increase in number of communities using Division of Community Advocacy's management advice and assistance to avoid interruptions in essential community services.

Measure #1: Percentage increase.

Community On-Site Assistance

Year	# of Communities	On-site Visits
2003	20	28
2004	32 +60.00%	50 +78.57%
2005	40 +25.00%	53 +6.00%
2006	36 -10.00%	58 +9.43%

Analysis of results and challenges: Sustainability of communities is a major issue due to increasing costs for major budget items such as fuel and insurance. The Division expects increases in technical assistance request to continue. The primary challenge to the Division will be to meet the increasing need with a static level of resources. In 2006 fuel price increased caused several communities to have significant problems. Assistance in resolving this particular issue required that more trips be made to fewer communities. The division will meet this target through creation of alternative delivery systems and prioritization of need.

Target #2: Provide assistance to communities so that they can qualify for financial resource programs made available through the state.

Measure #2: Percentage of communities which completed requirements and received available funding.

Communities Qualifying and Receiving funds

Fiscal Year	%of Communities
FY 2005	92.51
FY 2006	90.88 -1.76%

Analysis of results and challenges: Assisting communities to access all available funding is one key to sustainability. Management issues that prevent communities from completing end of year financial statements or audits are the main reason funds cannot be disbursed. The Division expects increases in technical assistance to targeted communities with historic problems will increase the number of communities qualifying for payments. The primary challenge to the Division will be to motivate the governing body to take action and find funding to complete audits.

A1: Strategy - Improve DCA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.

Target #1: 5% increase per year in number of communities submitting budgets and audit/certified financial statements on time to the division as required by state statutes.

Measure #1: Percentage increase.

Communities submitting on time budgets, financial statements and/or audits

Year	# of Communities
2003	98
2004	105 +7.14%
2005	115 +9.52%
2006	130 +13.04%

Analysis of results and challenges: Timely filing of financial documents is an indication that communities are developing both budgets and end of year financial reports in a time frame that allows their use in guiding financial policies. The challenge is to develop incentives or motivations to encourage voluntary community compliance given the limited resources made available to the Division.

A2: Strategy - Increase the number of communities which have completed comprehensive community planning documents that will lead to better capital infrastructure investment decisions and resolve land issues that hinder local development.

Target #1: 15% increase per year in the number of communities that the division assists in completing community planning documents.

Measure #1: Percentage Increase

Communities Assisted with Completion of Community Plans

Fiscal Year	# Communities
FY 2006	1

Analysis of results and challenges: Federal funds have been applied for to increase the Division's ability to provide increased planning assistance. This project will allow communities which are developing limited scoped plans to expand the scope to a community wide plan. This will result in select communities having comprehensive community planning documents as a policy guide for future economic and community development projects.

A3: Strategy - Provide assistance to grantees in the local administration of grants including preparation and submission of grant reports.

Target #1: 5% increase per year in the number of grantees provided individual assistance.

Measure #1: Percentage Increase

Grants to Communities

Fiscal Year	# of New Grants	Total # of Grants	Grants per Administrator
FY 2004	338	1196	170
FY 2005	496 +46.75%	1475 +23.33%	211 +24.12%
FY 2006	709 +42.94%	1620 +9.83%	232 +9.95%

Analysis of results and challenges: Currently the data on contact information with grantees is not collected in a method that allows for statistical analysis. that statistical information can be compiled. In the coming year we will implement a usable data collection mechanism. However, as the above data shows, the current trend of workload on staff limits the availability of staff to provide individual assistance.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services.

Measure #1: Percentage of municipal governments providing essential public services.

Percentage of governments providing essential public services

Fiscal Year	YTD Total
FY 2004	85%
FY 2005	80%
FY 2006	83%

Analysis of results and challenges: There is no requirement for communities to report services provided. The primary means for collecting this data is through analysis of budget documents and anecdotal on-site assistance reports. The challenge is to collect and correct information that is self reported by communities.

B1: Strategy - Improve capacity through direct training.

Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community Advocacy.

Measure #1: Percentage increase.

Number of communities participating in workshops

Year	Communities
2003	15
2004	22 +46.67%
2005	32 +45.45%
2006	36 +12.50%

Analysis of results and challenges: The technical training provided by the division has assisted communities in developing skills to run local government services more efficiently. Turnover of community staff is challenge to this strategy.

B2: Strategy - Improve quality of division's available resources to the public.

Target #1: 5% increase per year in the number of technical assistance publications updated or created.

Measure #1: Percentage increase.

Publications Created/Updated

Year	# Avail Tech Material
2003	8
2004	11 +37.50%
2005	13 +18.18%
2006	14 +7.69%

Analysis of results and challenges: New and updated technical assistance publications are used by municipal and community staff to increase their financial and managerial skills reflecting in better run governments.

C: Result - Increase number of communities demonstrating adequate capacity to manage rural utility systems.

Target #1: 5% increase per year in number of rural utilities requesting assistance from the RUBA program to increase their management capacity.

Measure #1: Percentage increase.

Communities Participating in RUBA Program

Year	# of Communities
2003	53
2004	70 +32.08%
2005	84 +20.00%
2006	107 +27.38%

Analysis of results and challenges: The significant increase in costs, primarily fuel oil, over the past two years has threatened communities' ability to continue to operate sanitation, electric, and fuel distribution utilities. Closure of one or more of these utilities in a community threatens the health and safety of residents. Increases in the management capability of local staff can offset much of the financial impact through efficiency or consolidation of entities.

C1: Strategy - Increase management capacity of rural utilities through on-site assistance

Target #1: 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.

Measure #1: Percentage increase.

Number of on-site visits

Year	# of On-site visits
2003	108
2004	133 +23.15%
2005	168 +26.32%
2006	183 +8.93%

Analysis of results and challenges: On-site training of individuals managing sanitation utilities has increased the number of utilities passing Management Capacity Assessments, becoming Provisionally Certified with RCA, and reducing long-term debts.

C2: Strategy - Increase management capacity of rural utilities through targeted management assistance.

Target #1: 5% increase per year in rural utilities which meet all essential management indicators.

Measure #1: Percentage increase.

Number of Communities meeting all essential management indicators

Fiscal Year	# of Communities
FY 2006	28

Analysis of results and challenges: Tracking of this measure has been implemented in FY06.

Target #2: 5% increase per year in rural utilities which meet all sustainable management indicators.

Measure #2: Percentage Increase.

of Communities Meeting all Sustainable Management Indicators

Fiscal Year	# of Communities
FY 2006	21

Analysis of results and challenges: Tracking of this measure has been implemented in FY06.

C3: Strategy - Improve DCA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.

Target #1: 5% increase per year in the number of regularly monitored communities by division staff.

Measure #1: Percentage increase.

Percentage of regularly monitored communities

Fiscal Year	#of Communities
FY 2003	46
FY 2004	47 +2.17%
FY 2005	49 +4.26%
FY 2006	68 +38.78%

Analysis of results and challenges: Regular monitoring allows staff to discover and correct potential problems before they significantly impact utilities financially or managerially. In 2006 available resource were reallocated to prioritize community monitoring.

C4: Strategy - Increase number of interventions in communities before crisis develops through improving community capacity.

Target #1: 5% increase per year in successful interventions in communities monitored by increasing the division's ability to intervene.

Measure #1: Percentage increase.

Successful Interventions

Year	# of Interventions
2006	19

Analysis of results and challenges: Interventions were in regard to fuel financing, PCE reimbursements and payroll tax debt resolution.

D: Result - To provide equity and consistency in full value determinations across state taxing jurisdictions.

Target #1: Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.

Measure #1: Percentage of municipal full value determination completed each year.

% of Full Market Evaluations Completed

Year	YTD Total
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: Full value determinations are used in several statewide funding distributions programs. These determinations require on-site visits to make adequate, defensible determinations. If these values are not correct, inequities in amounts distributed will occur. One challenge is having the personnel resources which will allow adequate on-site visits to determine correct values.

Target #2: Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.

Measure #2: Number of audits completed each year.

Number of audits completed per year

Year	YTD Total	Target
2004	2	5
2005	2	5
2006	1	5

Analysis of results and challenges: The detail of each city and borough tax policies and assessment procedure vary widely making the on site audits difficult. The challenge will be to find a simple audit plan that fits most municipalities. A new position is being added in FY07 to assist with completion of audits.

Target #3: Provide complete new full value determinations on all non-taxing municipalities every two years and on site inspections every four years, as required by statute.

Measure #3: Number of on site inspections made each year.

Analysis of results and challenges: This is a new requirement enacted by statute in FY06. The challenge is to have adequate personnel resources to complete this task.

D1: Strategy - Provide needed value modeling to produce adequate full values.

Target #1: Completion of the recalibration of each category in the value model every two years.

Measure #1: Number of recalibrations of tax models completed.

Number of Tax Models Recalibrated

Year	YTD Total	Target
2004	1	5
2005	3	5
2006	5	5

Analysis of results and challenges: The challenge is obtaining adequate data for recalibrating the value models. This process is time consuming and depends upon adequate personnel resources being made available. If tax models are not recalibrated, recalibrated accurately, or in a timely manner, full value determinations will be inaccurate causing inequities in tax values.

Component: Office of Economic Development

Contribution to Department's Mission

Improve economic development and increase investment in Alaska by advancing successful tourism and film, fisheries, forest products and minerals programs.

Core Services

- Provide policy recommendations and staff support to Governor and Commissioner on tourism and film, fisheries, forest products, and minerals and business development issues.
- Provide a link between Alaska communities (especially rural communities), government, businesses, and industry sectors.
- Compile industry data and provide analysis.
- Support development of potential high growth industries and products.
- Review business environment and recommend and promote changes.
- Provide technical assistance to potential entrepreneurs.
- Support export-led and cluster-based development.
- Analyze the economic effect of proposed regulations on small businesses
- Manage the Alaska Regional Development Organizations program (ARDORs), the Made in Alaska program, the Alaska Manufacturing Extension Partnership (AMEP) and the Alaska Marketplace Program (AMP).

End Results	Strategies to Achieve Results
<p>A: Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.</p> <p><u>Target #1:</u> Increased economic benefits from visitors each year.</p> <p><u>Measure #1:</u> Increased lodging taxes in rural Alaska communities (excluding Anchorage, Fairbanks and Juneau)</p> <p><u>Target #2:</u> One or more projects developed in each rural Alaska community cluster by FY2008</p> <p><u>Measure #2:</u> Number of new projects developed by Rural Visitor Industry Product Development Program</p>	<p>A1: Implement Rural Visitor Industry Product Development Program.</p> <p><u>Target #1:</u> Provide technical assistance to 4-6 rural community clusters in round one of the Rural Visitor Industry Product Development Program..</p> <p><u>Measure #1:</u> Number of community clusters receiving technical assistance.</p> <p>A2: Improve customer service skills and employability of Alaska's workforce.</p> <p><u>Target #1:</u> Increase number of students who complete AlaskaHost customer service training by 10% each year.</p> <p><u>Measure #1:</u> Number of students who complete AlaskaHost training each year.</p> <p>A3: Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public</p>

	<p>Lands Information Center (TAPLIC).</p> <p><u>Target #1:</u> Increase the number of highway travelers served at the Tok Alaska Public Lands Information Center.</p> <p><u>Measure #1:</u> Number of highway visitors served.</p> <p>A4: Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.</p> <p><u>Target #1:</u> Increased economic contribution of all travel and tourism expenditures in Alaska.</p> <p><u>Measure #1:</u> Total economic contribution of travel and tourism to the state.</p> <p><u>Target #2:</u> Increased employment resulting from travel and tourism expenditures in Alaska.</p> <p><u>Measure #2:</u> Total employment resulting from travel and tourism expenditures in the state.</p>
End Results	Strategies to Achieve Results
<p>B: Increase the value of the minerals industry in Alaska</p> <p><u>Target #1:</u> 10% annual increase in statewide mineral exploration spending.</p> <p><u>Measure #1:</u> Percentage increase in mineral exploration.</p> <p><u>Target #2:</u> 10% annual increase in statewide mineral development expenditures.</p> <p><u>Measure #2:</u> Percentage increase in minerals development expenditures.</p> <p><u>Target #3:</u> 10% annual increase in statewide mineral production value.</p> <p><u>Measure #3:</u> Percentage increase in minerals production value.</p> <p><u>Target #4:</u> 10% annual increase in total value of the Alaska minerals industry.</p> <p><u>Measure #4:</u> Percentage increase in total annual statewide minerals value.</p>	<p>B1: Be a strong advocate for mineral resource development.</p> <p><u>Target #1:</u> Maintain and improve trade show participation. Improve information products for the public.</p> <p><u>Measure #1:</u> Number of trade show participated in FY2005 was maintained at 6.</p> <p><u>Target #2:</u> Improve the image of the minerals industry within the public sector in Alaska.</p> <p><u>Measure #2:</u> Provide informational presentations to organized groups and informational services in the major population centers of the state.</p> <p><u>Target #3:</u> Establish a Grant program to foster mineral development in the state</p> <p><u>Measure #3:</u> Establish a \$500,000 program to provide an advertising and educational program for the public in Alaska.</p>
End Results	Strategies to Achieve Results
<p>C: Redevelop a statewide forest products industry.</p> <p><u>Target #1:</u> Increase forest products industry employment in the Southeast region by 10%.</p> <p><u>Measure #1:</u> 10% employment increase</p>	<p>C1: Provide technical assistance and advocacy services through Commerce.</p> <p><u>Target #1:</u> Fill forester position(s) in the Department of Commerce.</p> <p><u>Measure #1:</u> Number of forest product positions in the Department of Commerce.</p>
End Results	Strategies to Achieve Results
<p>D: Through the Fisheries Revitalization Strategy, increase the economic return to the Alaska salmon industry.</p>	<p>D1: The Office will develop a grant program that increases product diversification.</p>

<p><u>Target #1:</u> By 2006, increase the ex-vessel value of the salmon industry by 10% over the 2003 prices.</p> <p><u>Measure #1:</u> Measure in ex-vessel value on a price/pound basis.</p> <p><u>Target #2:</u> By 2006, increase the wholesale value of the salmon industry by 10% over the 2003 prices.</p> <p><u>Measure #2:</u> Measure in wholesale value on a price/pound basis.</p>	<p><u>Target #1:</u> By 2006, the fisheries equipment grant program will support an overall industry trend towards increased fillet production in Alaska to increase total fillet production by 10% by weight.</p> <p><u>Measure #1:</u> Percentage increases in Alaska salmon fillet production by value and volume.</p> <p>D2: The Office will develop a grant program that increases product diversification among its grantees.</p> <p><u>Target #1:</u> By 2006, grantees that received fillet processing equipment will increase fillet production by 50% from 2003 levels.</p> <p><u>Measure #1:</u> Percentage increase in fillet production for grantees receiving funds for fillet equipment.</p>
End Results	Strategies to Achieve Results
<p>E: Increased economic benefits from sale of Alaskan manufactured and/or made products.</p> <p><u>Target #1:</u> Increased number of jobs resulting from sale of Alaskan manufactured and/or made products.</p> <p><u>Measure #1:</u> The number of manufacturing jobs created in Alaska.</p>	<p>E1: Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska.</p> <p><u>Target #1:</u> Numbers of certified products per year that are manufactured and/or made in Alaska increase by 3%.</p> <p><u>Measure #1:</u> Numbers of certified products.</p>
End Results	Strategies to Achieve Results
<p>F: Alaska Regional Development Organizations (ARDOR) programs create new jobs or save jobs in Alaska.</p> <p><u>Target #1:</u> Increase number of jobs created or saved through ARDOR programs.</p> <p><u>Measure #1:</u> Number of jobs created or saved through ARDOR programs.</p>	<p>F1: Implement performance based criteria to distribute state funding among ARDORS.</p> <p><u>Target #1:</u> Increase number of ARDORS that meet criteria to receive I funding from 2006 to 2008.</p> <p><u>Measure #1:</u> Number of ARDORS that receive funding.</p>
End Results	Strategies to Achieve Results
<p>G: Film production spending creates economic benefit for Alaska communities.</p> <p><u>Target #1:</u> Increase annual production spending by inbound productions by 50% by FY'08.</p> <p><u>Measure #1:</u> Inbound production dollars spent in Alaska.</p>	

Major Activities to Advance Strategies

- | | |
|--|--|
| <ul style="list-style-type: none"> • Re-institute CEPRA Concept • Investigate and put into action a resource education initiative for mining, timber, tourism seafood and fisheries industries • Prepare the International Export Annual Report • Provide support to major Alaska events that promote economic development by enhancing Alaska's attractiveness as a major destination. • Expand Alaska's participation in film industry to | <ul style="list-style-type: none"> • Develop and implement a minerals industry intrastate promotion and education program • Advocate increased development of Alaska's timber resources to support new harvesting and manufacturing jobs in the forest products industry. • Manage the Fisheries Revitalization Strategy • Provide vital analytical support related to Internal Water Permits, fisheries-related legislation, market trends and federal government efforts |
|--|--|

Major Activities to Advance Strategies

- generate revenue to the State and expand job opportunities for Alaskans
- Provide technical and planning assistance related to tourism opportunities in rural communities
- Promote and manage AlaskaHost hospitality training program
- Implement Developing Alaska Rural Tourism Program and state tourism marketing contract
- Manage Tok Alaska Public Lands Information Center
- Maintain Tourism Satellite Account and Alaska Visitor Statistics Program
- Advocate statewide mineral resource development
- Prepare Alaska Minerals Commission Report and contribute to Alaska's Mineral Industry Report
- Review market conditions and recommend new product forms for the seafood industry
- Manage the Alaska Regional Development Organizations program (ARDORs), the Made in Alaska program, the Alaska Manufacturing Extension Partnership
- Manage the Alaska Marketplace Program assuring performance and accountability of the programs
- Develop Small Business Assistance Center
- Review feasibility and benefit to creating a small business loan program.
- Evaluate direct loan program or guarantee concept;
- Assist in reducing bankruptcy rate and premature terminations of small businesses
- Prepare the Alaska Economic Performance Report with Division of Community Advocacy

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,980,900

Personnel:

Full time	17
Part time	3
Total	20

Performance Measure Detail

A: Result - Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.

Target #1: Increased economic benefits from visitors each year.

Measure #1: Increased lodging taxes in rural Alaska communities (excluding Anchorage, Fairbanks and Juneau)

Alaska Lodging Taxes (millions \$)

Year	YTD Total
2000	3.97
2001	4.37 +10.08%
2002	4.05 -7.32%
2003	4.14 +2.22%
2004	4.54 +9.66%
2005	5.40 +18.94%

Not including Anchorage, Fairbanks and Juneau.

Analysis of results and challenges: Statewide municipal lodging taxes revenues increased nearly 15% between 2004 and 2005 (following a 3% decrease between 2003 and 2004). When Anchorage, Fairbanks, Fairbanks North Star Borough and Juneau are excluded, municipal lodging taxes increased nearly 19% from \$4,539,520 in 2004 to \$5,405,064 in 2005.

The 2002 Tourism Satellite Account (economic impact study) did not provide regional data. OED has recommended that commission update of the economic impact study as soon visitor data collection is complete. The project will include providing regional data in the scope of work.

Regional economic impact data was last estimated by the McDowell Group in 1999. Based on 1998 data, regional visitor industry employment (direct) was estimated to be as follows: Southeast (4,407 jobs), Southcentral (10,786), Southwest (864), Interior North (4,254), State total (20,311). Payroll and proprietor's income for the same time period: Southeast (\$86.1 million), Southcentral (\$213.2 million), Southwest (\$16.9 million), Interior North (\$74.2 million), State total (\$390.4 million).

Currently local data is not available that can be linked directly to visitor activity except for lodging taxes. The ability to measure jobs, income and tax revenues to regions and municipalities would help the state determine whether communities were increasing their benefits from visitor activity.

Target #2: One or more projects developed in each rural Alaska community cluster by FY2008

Measure #2: Number of new projects developed by Rural Visitor Industry Product Development Program

New Tourism Projects in Rural Alaska

Fiscal Year	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2005	0	0	0	0
FY 2006	7 0%	0 0%	0 0%	7 0%

Call for projects for the Rural Alaska Product Development Program began in November 2004. Projects were selected in December 2004. The first stakeholder meeting was held in Nome in December 2004. Preliminary site visits took place in Bethel/YK Villages and Nome in August 2004.

Analysis of results and challenges: Products/projects developed or in development as of September 30, 2006:

Nome/Gambell/Savoonga: AlaskaHost training and web site development classes held. Stakeholder meeting held in Nome. Consultations on working with small cruise ship companies held in Nome, Gambell, Savoonga.

Central Southeast Alaska: Marketing partnership among Wrangell, Petersburg and Coffman Cove developed. Logo, brand, brochure, and business plan were developed.

Central Southeast Alaska: Alaska Coastal Wildlife viewing guides for the Inside Passage communities are complete.

Copper Basin: A development of a regional marketing partnership and branding effort is underway.

Bethel/YK Delta: Development of tour itinerary including village experiences is in development. We conducted an intensive series of workshops called "Build Your Own Business" that included - writing a business plan, starting a B&B, Alaska Host, Bird and Naturalist guiding. We conducted (with ADFG) a pioneering "birding assessmenttour" for state and nationally renowned birders.

Haines/Klukwan: Feasibility Study completed for tourism facility at Letnikof Cove. Commerce Mini-Grant received, to begin work on restoration of the historic cannery.

Barrow: Development of bed & breakfast businesses underway (workshop complete, working with Fairbanks Convention & Visitors Bureau on mentor program, working with Alaska Bed & Breakfast Association on additional training at annual meeting).

A1: Strategy - Implement Rural Visitor Industry Product Development Program.

Target #1: Provide technical assistance to 4-6 rural community clusters in round one of the Rural Visitor Industry Product Development Program..

Measure #1: Number of community clusters receiving technical assistance.

Number of Community Clusters Receiving Technical Assistance

Fiscal Year	YTD Total	Target
FY 2004	0	0
FY 2005	4	4
FY 2006	7	6

Analysis of results and challenges: Developing Alaska Rural Tourism (DART): Through a partnership among the Department of Commerce (OED), Economic Development Administration, OED provided assistance to four major community groups to develop marketing strategies, marketing partnerships, or package tourism products and attractions. In FY 2005, these included the following:

- (1) Central Southeast Alaska (Wrangell, Petersburg, Coffman Cove)
- (2) Yukon-Kuskokwim Delta Communities (Bethel, Goodnews Bay, Mekoryuk, Quinahagak, Toksook Bay)
- (3) Bering Strait Communities (Nome, Savoonga, Gambell, King Island, Diomedes, Solomon)
- (4) Copper Valley Communities (Mentasta, Chistochina, Gulkana, Gakona, Glennallen, Copper Center, Kenny Lake, Chitina, other.

In FY06, we added Bristol Bay, Haines/Kluckwan, and Kodiak Island. We also added Chevak, St. Marys, Emmonek, and Scammon Bay to the Yukon-Kuskokwim Delta Communities.

In 2007, we anticipate working closely with the communities along the Iditarod Trail to provide technical and marketing assistance. And, we will be working with the Southeast Alaska communities that are a part of the Southeast Alaska Trail System (www.seatrails.org) on a business and marketing plan.

A2: Strategy - Improve customer service skills and employability of Alaska's workforce.

Target #1: Increase number of students who complete AlaskaHost customer service training by 10% each year.

Measure #1: Number of students who complete AlaskaHost training each year.

AlaskaHost Students

Year	ANC/FBX/JNU	Others	YTD Total	Target
2003	182	111	293	0
2004	301	283	584	0
2005	316	204	520	580
2006	367	225	592	684

Analysis of results and challenges: The number of students who completed AlaskaHost training increased 9% from 520 in FY05 to 592 in FY06. While the number of rural students completing AlaskaHost training between FY04 and FY05 (28%) decreased, the number of students who completed AlaskaHost training in communities outside Anchorage, Juneau, and Fairbanks increased 9% from 204 in FY05 to 225 in FY06. OED staff dedicated time to updating AlaskaHost curriculum to make it more relevant to Alaska communities in FY06. The AlaskaHost core curriculum was shortened from an 8 hour class to a 4 hour class and 3 new training modules were developed. Additionally 60 AlaskaHost trainers from around the state were trained on the new curriculum.

The reason for the decline in rural trainings in FY04 and FY05 (283 vs. 204) was because we trained approx 100 people in Hoonah for the opening year of Icy Strait Point. We also trained a trainer who did not conduct trainings the following year as anticipated and who subsequently moved away.

A3: Strategy - Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public Lands Information Center (TAPLIC).

Target #1: Increase the number of highway travelers served at the Tok Alaska Public Lands Information Center.

Measure #1: Number of highway visitors served.

TAPLIC Visitors

Fiscal Year	YTD Total
FY 2003	13,662
FY 2004	13,522 -1.02%
FY 2005	13,207 -2.33%
FY 2006	7,364 -44.24%

TAPLIC: Tok Alaska Public Lands Information Center

The number of declining visitors to the center reflects the overall state of highway travel which has declined and then remained stagnant in recent years. High gas prices over the past two years are also expected to be having effect on highway visitors. To address these issues, the Governor's Office supported and the Legislature approved an appropriation of \$1.3 million in operating and capital grants for FY07 to conduct an independent marketing campaign. It is essential that as we invest in increased independent and highway travel to the state, we ensure high quality visitor services and restroom facilities. This means keeping the center operational 7 days a week, 12 hours a day during peak visitation periods (June, July, August).

The center is fully staffed (4 employees) from June 1 to August 15. Three employees are required to staff the center in May and September. One full time manager staffs the center between October and April. Without this level of staffing, OED would not be able to keep the visitor center open at current hours and our ability to serve visitors will be severely cut back.

Currently, communities and visitors bureaus on and off the road system all the way to Valdez depend on Tok staff to provide information to their visitors.

Analysis of results and challenges: The Tok APLIC is one of four center's that support the appropriate use and enjoyment of Alaska public lands and resources through "one-stop shopping" for public lands information, trip-planning assistance, and resource education. The APLIC's are a system of information and education centers that help provide visitors and residents with meaningful, safe, enjoyable experiences on public lands (and highways) and encourage them to sustain the natural and cultural resources of Alaska. These interactive and fully accessible facilities are nationally recognized for providing consistent, high quality services at all four statewide locations.

FY 07 to date (September 25, 2006):

- Visitor to the Tok Center - 6,175
- Alcan Border crossings into - Alaska 31,116 vehicles and 68,038 passengers
- Poker Creek Border crossings – 7,349 vehicles and 16,004 passengers
- AMHS Deposits - \$347,690

Highway travel to Alaska has been relatively constant since 2004 (137,000 arrivals).

A new Tok APLIC is under design and will be part of the Tetlin National Wildlife Refuge facility in Tok. The new facility is expected to help in the effort to increase economic impact of visitors while in Alaska as well as increase their appreciation and enjoyment of the state while they are here.

A4: Strategy - Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.

Target #1: Increased economic contribution of all travel and tourism expenditures in Alaska.

Measure #1: Total economic contribution of travel and tourism to the state.

Economic Contribution of Travel and Tourism in Alaska (billions of dollars)

Year	YTD Total
2002	1.5
2006	2.0
	+33.33%

Analysis of results and challenges: Travel and tourism's economic contribution in Alaska reached \$1.5 billion in 2002. This amount (sales net related imports into the state) contributed 5.2% to Alaska Gross State Product (GSP) and includes direct and indirect effects of all travel and tourism expenditures, but not induced (multiplier effects).

Traditionally, the Department of Commerce is the primary provider of Alaska visitor statistics and economic impact studies for government and private sector use and planning. Every four years, the Department of Commerce conducts the Alaska Visitor Statistics Program (AVSP) to gather important information on Alaska visitor characteristics, expenditures and opinions. Following the initial survey, Commerce uses the data to measure the economic impact of these visitors to the state and regional economies. Currently, AVSP V is in the field and the Summer data will be finalized in March 2006. Previous economic impact studies were conducted with 1999 and 2002 data. The economic impact study should be updated in FY08 with 2006 data. Ideally, this study would be conducted at least every other year.

Target #2: Increased employment resulting from travel and tourism expenditures in Alaska.

Measure #2: Total employment resulting from travel and tourism expenditures in the state.

Travel and Tourism-Related Employment

Year	YTD Total
2002	37,650
2006	39,000
	+3.59%

Analysis of results and challenges: Travel and tourism's economic contribution to employment reached 39,000 full-time equivalent jobs. Those jobs provided Alaska workers with an estimated \$1.25 billion in income.

B: Result - Increase the value of the minerals industry in Alaska

Target #1: 10% annual increase in statewide mineral exploration spending.

Measure #1: Percentage increase in mineral exploration.

Percentage of Expenditures in mineral exploration Alaska

Year	In Millions	% Increase
2002	26.5	0
2003	27.6	4.15%
2004	70.8	156.52%
2005	103.9	46.75

Analysis of results and challenges: The increase in mineral exploration investment has far surpassed the target. The increase reflects the pro-development philosophy of the state, the recognition of the very high mineral potential of the state, and the increases in metal prices.

Significant challenges are presented to the state to overcome negative perceptions of the industry being created by anti-development groups. A statewide information and education program related to mineral development is being considered.

Target #2: 10% annual increase in statewide mineral development expenditures.

Measure #2: Percentage increase in minerals development expenditures.

Value of Development Expenditures in Alaska

Year	Millions \$\$	% Increase
2002	34.1	0
2003	39.2	14.96%
2004	209.1	433.42%
2005	347.9	66.4%

Analysis of results and challenges: Development investment increased 66.4% from 2004 and the average increase from 2002 has been 117.1%. This increase reflects construction efforts at Pogo, advanced stripping at Fort Knox, project construction at Kensington, equipment acquisition and feasibility studies and permitting at Rock Creek in Nome, and investment in a number of rock, sand, gravel and placer projects.

Development dollars will be spent to develop those projects that have been approved for commissioning by company boards. Development expenditures are expected to decrease in the near term (2006 - 2007) due to completion of the Pogo project, Kensington, Rock Creek, Ft. Knox and Nixon Fork will continue, but are not expected to be at the same level as in 2005. Increases in the longer term are expected due to commissioning of Chuitna Coal, Donlin Creek, Pebble Copper beginning in about 2008.

Target #3: 10% annual increase in statewide mineral production value.

Measure #3: Percentage increase in minerals production value.

Value of Minerals Production in Alaska

Year	In Billions	% Increase
2002	1.013	0
2003	1.0007	-.92%
2004	1.3387	33.87%
2005	1.4016	4.70%

Analysis of results and challenges: Mineral production values increased 4.7% between 2004 and 2005. The average increase between 2002 and 2005 has been 11.4%. Although metal prices increased significantly over 2004, production volumes were down as a result of the downward momentum experienced as a result of the metal price declines that bottomed in 2001 - 2002 timeframe, and to the significant operating cost increases in the industry since that date. Production values are expected to increase in 2006 due to continued price increases and to commissioning of the Pogo mine. Thereafter, Kensington, Rock Creek/Big Hurrah, Nixon Fork, Chuitna Coal, Donlin Creek, etc. will be commissioned and will influence production values significantly.

Target #4: 10% annual increase in total value of the Alaska minerals industry.

Measure #4: Percentage increase in total annual statewide minerals value.

Total Value of Alaska Minerals Industry

Year	Billions \$\$	% Increase
2002	1.0734	0
2003	1.0674	-.24%
2004	1.62	51.40%
2005	1.8534	38.4%

The data for 2006 will be available in June 2007.

Analysis of results and challenges: The improvement in value between 2004 and 2005 was \$514.7 million, 38.4% over the 2004 value. The average increase in value between 2002 and 2005 has been 20%. The forecast for the overall value of the industry is very positive and expected to increase steadily for the foreseeable future.

Challenges are presented to the state in overcoming high profile negative public sentiment, shortages of skilled personnel, lack of infrastructure, and high and increasing power and fuel costs.

B1: Strategy - Be a strong advocate for mineral resource development.

Target #1: Maintain and improve trade show participation. Improve information products for the public.

Measure #1: Number of trade show participated in FY2005 was maintained at 6.

Number of Trade Show Participation

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	Target
FY 2003	NA	NA	NA	NA	3	0
FY 2004	NA	NA	NA	NA	3	0
FY 2005	0	3	2	1	6	0
FY 2006	0	2	2	1	6	0
FY 2007	0	0	0	0	0	7

Analysis of results and challenges: In FY05, the DCCED minerals specialist represented the state at 6 trade shows (Roundup 2005, Prospectors and Developers Association of Canada, Alaska Miners Association Convention - Spring Conference, Elko Mine Expo, Alaska Miners Association Fall Convention, NWMA Convention in Spokane). In FY06 the trade specialist participated in the same number of conventions.

Presentations and short courses were provided to a number of groups - Chamber Transportation Committee (Fairbanks), Elko Mine Expo, AMA meetings, RMS COE short course, Soldotna Chamber of Commerce, Small Business and Faith-Based Business Development Convention, others.

Target #2: Improve the image of the minerals industry within the public sector in Alaska.

Measure #2: Provide informational presentations to organized groups and informational services in the major population centers of the state.

Informational Presentations to Organized Groups

Year	YTD Total
2005	10
2006	12
	+20.00%

Analysis of results and challenges: The reaction of the public for mineral development process was in favour to the State economic development. Informational presentations and services were provided in Southwest Alaska, Dillingham, Nome, Kotzebue, Wrangell, Fairbanks, Anchorage, Juneau and Iliamna

Target #3: Establish a Grant program to foster mineral development in the state

Measure #3: Establish a \$500,000 program to provide an advertising and educational program for the public in Alaska.

Analysis of results and challenges: This a new measure and will start measuring in 2008

C: Result - Redevelop a statewide forest products industry.

Target #1: Increase forest products industry employment in the Southeast region by 10%.

Measure #1: 10% employment increase

Southeast Economic Region Employment

Year	Logging	Wood Product	YTD Total
2001	500	300	800
2002	350	150	500
	-30.00%	-50.00%	-37.50%
2003	400	150	550
	+14.29%	0%	+10.00%

The data for 2006 will be available in 2007

Analysis of results and challenges: The timber industry provided the economic foundation for many of Southeast Alaska communities. Year-round, well-paying jobs helped increase the standard of living and developed an infrastructure that made growth possible in other industries like tourism and seafood. The current state of decline in the industry affects transportation costs and other public services that were initiated in part to serve a growing timber industry. The production of timber industry in Southeast Alaska may start their production in 2007

Nonetheless, the Southeast region experienced some increase in timber-related employment between 2002 and 2003 (most recent data from the Alaska Department of Labor).

C1: Strategy - Provide technical assistance and advocacy services through Commerce.

Target #1: Fill forester position(s) in the Department of Commerce.

Measure #1: Number of forest product positions in the Department of Commerce.

Forest Products Development Specialists

Fiscal Year	Positions	YTD Total
FY 2001	0	0
FY 2002	0	0
FY 2003	0	0
FY 2004	0	0
FY 2005	0	0
FY 2006	1	1

Analysis of results and challenges: The Department of Commerce has not had a forest products development specialist for well over five years. A major change for the Department this year was the hiring of a senior level forest products development specialist position in July 2005.

D: Result - Through the Fisheries Revitalization Strategy, increase the economic return to the Alaska salmon industry.

Target #1: By 2006, increase the ex-vessel value of the salmon industry by 10% over the 2003 prices.

Measure #1: Measure in ex-vessel value on a price/pound basis.

Price to Harvesters for Alaska Salmon from 2003 to 2005

Species	2003	2004	2005	% Change 03 to 04	% Change 04 to 05	% Change 03 to 05
Chinook	\$1.37	\$1.93	\$2.27	41%	18%	66%
Sockeye	\$0.80	\$0.80	\$0.73	0%	-22%	-22%
Coho	\$0.49	\$0.70	\$0.76	43%	9%	55%
Pink	\$0.00	\$0.10	\$0.12	25%	20%	50%
Chum	\$0.17	\$0.21	\$0.27	24%	29%	59%
Total	\$ 0.25	\$ 0.34	\$ 0.35	34%	3%	38%

Analysis of results and challenges: The ex-vessel value, or average price paid to fishermen, for Alaska salmon increased since 2003. In 2003, the price per pound for all salmon combined was \$0.25/lb. That increased to \$0.34/lb in 2004 for a percentage increase of 34%. As of the date of this entry (Sept. 2006) final 2005 numbers have not been posted. However, projections list the 2005 price per pound at \$0.35/lb, an 38% increase over 2003 prices.

Chinook and coho prices are enjoying significant gains. Sockeye, the greatest dollar earner among the Alaska salmon at about 60% of its total value, is slowly breaking out of its low price point from 2002, even while supply increases. Chum salmon is enjoying greater price increases in 2005. Pink salmon, a species that makes up between 10 - 20% of the total value of salmon, is beginning to increase in value to the fishermen.

Relying on the total average price per pound misses a number of key social and economic areas. The total harvest volume and its relationship to demand tend to be major drivers in the price per pound calculation. Also undescribed is the species by species and region by region change in value. These nuances are critical to Alaska residents depending on their situation. For more detailed information, please contact Glenn Haight, Fisheries Development Specialist at 907-465-5464 or glenn_haight@commerce.state.ak.us.

Target #2: By 2006, increase the wholesale value of the salmon industry by 10% over the 2003 prices.

Measure #2: Measure in wholesale value on a price/pound basis.

Wholesale price for Alaska Salmon from 2003 to 2005

	2003	2004	2005	% Change 03 to 04	% Change 04 to 05	% Change 03 to 05
Chinook	\$ 2.20	\$ 3.52	\$ 3.80	60%	8%	73%
Chum	\$ 0.91	\$ 1.01	\$ 1.10	11%	9%	20%
Coho	\$ 1.54	\$ 2.01	\$ 2.11	31%	5%	37%
Pink	\$ 0.89	\$ 0.88	\$ 0.95	-2%	8%	6%
Sockeye	\$ 2.05	\$ 2.03	\$ 2.26	-1%	12%	10%
Total	\$ 1.29	\$ 1.43	\$ 1.53	11%	7%	18%

Analysis of results and challenges: Wholesale values, the value obtained by the first company that buys the salmon from the fishermen, increased 11% from 2003 to 2004 and 7% from 2004 to 2005. From 2003 to 2005, the price increased 18%. Aside from increases in prices paid in the market for products, price gains can come from changes in the product mix at the producer level. For instance, if more fillets are produced than head and gut from one year to the next, the price per pound will increase. This may not translate into true increases in value because in order to make fillets you remove weight that would otherwise be sold in a less processed form.

Data indicates that the value of various product forms at the wholesale level differs by species. For instance, the most valuable form to sell a Chinook or coho is whole, with its head on and viscera removed. Fillets are the most valuable product form for sockeye and chum. Can products remain the most valuable use for pink salmon.

Chinook and coho, the two high value troll caught species, witnessed strong gains in the wholesale market. This may be due to increased production of whole and fillet products within these species. Market demand appeared strong for both species.

Chum salmon values increased as more production was shifted to fillets, whole and head and gut, away from can.

Pink salmon values rose considerably in 2005 as marketing efforts have helped decrease an overage in can salmon inventory and market new pink salmon products. While changing the product form is critical, much of the investment in new production equipment is occurring in China and Thailand.

Sockeye values were also strongly up in 2005. Producers are beginning to make more fillets and moving these products to a growing US domestic market. Traditional shipments of product to Japan are declining which is an important market diversification effort supported by the Revitalization Strategy.

D1: Strategy - The Office will develop a grant program that increases product diversification.

Target #1: By 2006, the fisheries equipment grant program will support an overall industry trend towards increased fillet production in Alaska to increase total fillet production by 10% by weight.

Measure #1: Percentage increases in Alaska salmon fillet production by value and volume.

Product form	Total Volume			Total Value		
	2003	2004	% change	2003	2004	% change
Canned	193,262,188	192,813,814	0%	\$ 227,970,115	\$ 248,823,763	9%
Fillets	13,498,511	19,303,810	43%	\$ 26,590,193	\$ 47,539,469	79%
Head & Gut	201,874,729	244,025,605	21%	\$ 205,586,061	\$ 306,141,547	49%
Minced/Other	1,493,756	1,671,187	12%	\$ 756,104	\$ 1,116,442	48%
Roe	25,742,399	21,223,647	-18%	\$ 110,938,813	\$ 97,617,165	-12%
Whole	15,278,582	28,658,356	88%	\$ 11,240,578	\$ 24,014,369	114%
Total	451,150,166	507,696,019	13%	\$ 583,081,864	\$ 725,252,755	24%

Product form	\$/lb		% change in \$/lb
	2003	2004	
Canned	\$ 1.18	\$ 1.29	9%
Fillets	\$ 1.97	\$ 2.46	25%
Head & Gut	\$ 1.02	\$ 1.25	23%
Minced/Other	\$ 0.51	\$ 0.67	32%
Roe	\$ 4.31	\$ 4.60	7%
Whole	\$ 0.74	\$ 0.84	14%
Total	\$ 1.29	\$ 1.43	11%

Reading from top left to right and then down, the three charts indicate total volume in pounds, total dollars and price per pound, respectively. Alaska salmon fillet production increased 43% at the wholesale level from 2003 to 2004. With an increase in the price per pound of 25%, this meant a total increase in the value of fillets of 79%. While this was impressive, other product forms witnessed similar significant increases in value - indicating a strong demand in the market for wild Alaska salmon.

Analysis of results and challenges: 2004 fillet production numbers mark a significant increase in Alaska salmon fillet production. Fillet production increased steadily the past few years, but garnered only about 2% of all production. That increased to 4% for 2004. While this remains a small amount of the overall production, this relatively big increase in this product form indicates Alaska salmon producers are making investments in an effort to meet changing consumer demands.

D2: Strategy - The Office will develop a grant program that increases product diversification among its grantees.

Target #1: By 2006, grantees that received fillet processing equipment will increase fillet production by 50% from 2003 levels.

Measure #1: Percentage increase in fillet production for grantees receiving funds for fillet equipment.

Fillet Production for Fisheries Economic Development Grant Recipients



2004 fillet production for the Fisheries Economic Development Grant Program grantees who received fillet equipment for the 2004 season increased 142% over 2003. H&G - Headed and gutted.

Analysis of results and challenges: The increase in statewide salmon fillet production in 2004 was 43%. The increase in fillet production among the Fisheries Economic Development Program grantees with fillet awards was 142%. When you remove the volume of production from the grant recipients from the statewide total, the increase in fillet production falls to 30%. Fillet equipment grants to Alaska producers influenced an increase in the annual fillet production by 12%.

The 2006 data will be available in June 2007.

E: Result - Increased economic benefits from sale of Alaskan manufactured and/or made products.

Target #1: Increased number of jobs resulting from sale of Alaskan manufactured and/or made products.

Measure #1: The number of manufacturing jobs created in Alaska.

Analysis of results and challenges: Data will be collected and reported in FY2007

E1: Strategy - Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska.

Target #1: Numbers of certified products per year that are manufactured and/or made in Alaska increase by 3%.

Measure #1: Numbers of certified products.

Analysis of results and challenges: Data will be collected and reported in FY2007.

F: Result - Alaska Regional Development Organizations (ARDOR) programs create new jobs or save jobs in Alaska.

Target #1: Increase number of jobs created or saved through ARDOR programs.

Measure #1: Number of jobs created or saved through ARDOR programs.

Analysis of results and challenges: Data will be collected and reported in FY2007

F1: Strategy - Implement performance based criteria to distribute state funding among ARDORS.

Target #1: Increase number of ARDORS that meet criteria to receive I funding from 2006 to 2008.

Measure #1: Number of ARDORS that receive funding.

Number of ARDORS receive funding

Year	YTD Total	Target
2006	11	0
2007	0 -100.00%	13 0%
2008	0 0%	15 +15.38%

Analysis of results and challenges: The legislature established the ARDOR program in support of the widely held belief that a locally driven initiative in partnership with the State and other entities, can most effectively stimulate economic development and produce healthy, sustainable local economies.

G: Result - Film production spending creates economic benefit for Alaska communities.

Target #1: Increase annual production spending by inbound productions by 50% by FY'08.

Measure #1: Inbound production dollars spent in Alaska.

Inbound Production Dollars Spent in Alaska (in millions)

Fiscal Year	YTD Total	Annual Increase Target
FY 2002	5	0
FY 2005	2.1 -58.00%	
FY 2006	2.5 +19.05%	
FY 2007		4.7
FY 2008	0	7.1 +51.06%
FY 2009	0 0%	10.6 +49.30%
FY 2010	0 0%	16 +50.94%
FY 2010	0 0%	24 +50.00%

Data based on exit surveys and estimates from the Alaska Film Group and spending formulas developed by the Association of Film

Commissioners International.

Analysis of results and challenges: In FY02 film projects injected roughly \$5 million in to the Alaska economy and generated over 100 hours of national and international media exposure. However, since FY03, the Alaska Film Program has not had full time staff. Loss of knowledgeable staff and limited responses to inquiries led to considerable loss of business. The division anticipates more state funding and assistance from film production groups to create more jobs within the state which will work to increase inbound production dollars.

Component: Statehood Celebration Commission

Contribution to Department's Mission

The mission of the Alaska Statehood Celebration Commission is to plan and implement a commemoration of Alaska's 50th statehood anniversary. The Commission's plan for events and commemorations will promote economic activity and bring communities together for events that are educational and fun for Alaskans and visitors of all ages.

Core Services

- Work cooperatively with the state, tourism industry, and private industry to plan a commemoration of Alaska's 50th Statehood anniversary.
- Coordinate activities in all villages, towns, cities, and boroughs of Alaska to commemorate Alaska's 50th Statehood Anniversary.
- Support and provide volunteer opportunities.
- Provide education and increase awareness of Alaska's history as a state.
- Create a record for the future.

End Results	Strategies to Achieve Results
A: 1. Plan, organize and implement statehood celebrations activities and events for 2007 through June 2009.	<p>A1: 1. Develop strategic plan as an organizational document.</p> <p><u>Target #1:</u> Develop a document with an over arching mission and plan for events that are produced supported and coordinated by ASCC. Complete plan by December 2007.</p> <p><u>Measure #1:</u> Plan utilization, the ability to follow through on plan items with the least amount of plan revision.</p> <p>A2: 2. Increase available funding sources.</p> <p><u>Target #1:</u> Raise at least \$1 million by 2008</p> <p><u>Measure #1:</u> Number of dollars raised per quarter</p> <p>A3: 3. Contract with PR firms, fundraisers and manufacturers for advertising, media, funding and memorabilia production.</p> <p><u>Target #1:</u> Target: Have contracts for basic services in place by March 2007.</p> <p><u>Measure #1:</u> Measure: Successful completion of RFP process and the beginning of basic services.</p> <p>A4: 4. Increase organizational effectiveness of the Alaska Statehood Celebration Commission.</p> <p><u>Target #1:</u> Form partnerships with supportive organizations.</p> <p><u>Measure #1:</u> Number of organizations who are working with ASCC.</p>

	<p>A5: Produce statehood memorabilia that will become future collector items.</p> <p><u>Target #1:</u> Work with a contractor/s (Alaska Made) for production and distribution of memorabilia and derive a portion of the profits.</p> <p><u>Measure #1:</u> Contract in place for saleable items and distribution by March 2007</p> <p>A6: Increase awareness of Alaska's history in the past 50 years.</p> <p><u>Target #1:</u> Collaborate with the Dept of Education for statehood educational opportunities.</p> <p><u>Measure #1:</u> Number of educational opportunities available for all ages.</p>
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Major Activities to Advance Strategies

- Develop a strategic plan as the major organizational document for the Commission, include an organizational chart.
- Develop a network of support organizations such as Pioneers of Alaska, Chambers of Commerce, Dept. of Education, Rotarys and others.
- Write a Request for Proposal (RFP) for a contract with a PR firm to advertising and media, a speaker's packet, and a media packet.
- Write an Request for Proposal (RFP) for a contract with a commissioned fundraiser and develop benchmarks for fundraising.
- Complete organization of a development committee made up of community leaders that can help raise money supported by ASCC and its fundraiser.
- Contract with Alaska Made vendors to produce and distribute memorabilia.
- Work with Division of Administrative Services on matters of the fiscal year 2008 and 2009 budget.
- Plan outreach trips for commission members spring 2007 through 2008.
- Produce an inclusive web site with event calendar and educational and historic information.
- Partner with tourism industry to increase visitor awareness internationally and domestically.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$102,700

Personnel:

Full time	1
Part time	0
Total	1

Performance Measure Detail

A: Result - 1. Plan, organize and implement statehood celebrations activities and events for 2007 though June 2009.

A1: Strategy - 1. Develop strategic plan as an organizational document.

Target #1: Develop a document with an over arching mission and plan for events that are produced supported and coordinated by ASCC. Complete plan by December 2007.

Measure #1: Plan utilization, the ability to follow through on plan items with the least amount of plan revision.

Analysis of results and challenges: The data will be available in 2007

A2: Strategy - 2. Increase available funding sources.

Target #1: Raise at least \$1 million by 2008

Measure #1: Number of dollars raised per quarter

Analysis of results and challenges: The data will be available in 2007

A3: Strategy - 3. Contract with PR firms, fundraisers and manufacturers for advertising, media, funding and memorabilia production.

Target #1: Target: Have contracts for basic services in place by March 2007.

Measure #1: Measure: Successful completion of RFP process and the beginning of basic services.

Analysis of results and challenges: The data will be available in 2007

A4: Strategy - 4. Increase organizational effectiveness of the Alaska Statehood Celebration Commission.

Target #1: Form partnerships with supportive organizations.

Measure #1: Number of organizations who are working with ASCC.

Analysis of results and challenges: The data will be available in 2007

A5: Strategy - Produce statehood memorabilia that will become future collector items.

Target #1: Work with a contractor/s (Alaska Made) for production and distribution of memorabilia and derive a portion of the profits.

Measure #1: Contract in place for saleable items and distribution by March 2007

Analysis of results and challenges: The data will be available in 2007

A6: Strategy - Increase awareness of Alaska's history in the past 50 years.

Target #1: Collaborate with the Dept of Education for statehood educational opportunities.

Measure #1: Number of educational opportunities available for all ages.

Analysis of results and challenges: The data will be available in 2007

RDU/Component: Qualified Trade Association Contract*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Promote Alaska as a top visitor destination, communicating and promoting the Alaskan tourism industry as one of the state's major economic forces.

Core Services

- Promote and facilitate travel to and throughout the State of Alaska.
- Provide a broad-based association of individuals and companies with an interest in the visitor industry in Alaska.
- Increase awareness of the economic importance of the visitor industry.
- Work cooperatively with the state on tourism development and long-range planning.

End Results	Strategies to Achieve Results
A: Increase interest and awareness of Alaska as a travel destination. <u>Target #1:</u> 2% increase the number of high potential visitors to Alaska. <u>Measure #1:</u> % increase in high potential visitors (measured through Images of Alaska research). <u>Target #2:</u> 2% increase in domestic and international visitors between May 1 and September 30 on each year. <u>Measure #2:</u> % increase in all visitors between May 1 and September 30.	A1: Distribute information to consumers via marketing brochures. <u>Target #1:</u> 500,000 brochures distributed to potential Alaska visitors. <u>Measure #1:</u> Number of brochures distributed. A2: Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels. <u>Target #1:</u> Media selection converts to travel at a rate of 12% or higher. <u>Measure #1:</u> Conversion rates. A3: Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail. <u>Target #1:</u> 5% increase TravelAlaska.com unique visitors. <u>Measure #1:</u> % increase in unique visitors to TravelAlaska.com.
End Results	Strategies to Achieve Results
B: Increase the number of domestic visitors to Alaska. <u>Target #1:</u> 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30. <u>Measure #1:</u> % of annual increase in domestic visitors	B1: Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Travel Institute's Alaska Destination Specialist course. <u>Target #1:</u> 150 Alaska Destination Specialist Graduates (through Alaska destination training to 560 travel

	agents/year). <u>Measure #1:</u> Number of Alaska Destination Specialist Graduates.
End Results	Strategies to Achieve Results
C: Increase international visitors to Alaska from Japan. <u>Target #1:</u> 2% increase in visitors from Japan. <u>Measure #1:</u> % increase in number of visitors from Japan. <u>Target #2:</u> 2% increase in annual visitors to Alaska from Germany. <u>Measure #2:</u> % increase in number of visitors to Alaska from Germany.	C1: Increase international air carrier service offered to Alaska. <u>Target #1:</u> 2% increase in additional international air carrier flights to Alaska. <u>Measure #1:</u> % increase in international flights to Alaska.
End Results	Strategies to Achieve Results
D: Promote travel to Alaska by generating stories of interest to both national and international media outlets. <u>Target #1:</u> 2% annual increase in value of media coverage generated through public relations activities. <u>Measure #1:</u> % increase in value of media generated through ATIA's public relations efforts.	D1: Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors. <u>Target #1:</u> 2% annual increase in the number of Alaska Media Road Show participants (to allow more Alaska businesses to gain more exposure with influential travel publications, broadcasters). <u>Measure #1:</u> % annual increase in the number of Alaska Media Road Show participants. D2: Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance. <u>Target #1:</u> 2% annual increase in the number of journalists assisted. <u>Measure #1:</u> % increase in the number of journalists assisted.

Major Activities to Advance Strategies

- Increase interest in Alaska as a visitor destination by targeting visitors who have an active interest in visiting Alaska
- Attract a diverse group of travelers to Alaska travelling by a variety of travel modes
- Position Alaska as a year-round destination
- Increase independent visitation to Alaska
- Increase the rate of repeat visitation to Alaska
- Increase awareness and participation of businesses in the Statewide tourism marketing program

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$5,005,100

Personnel:

Full time	0
Part time	0
Total	0

Performance Measure Detail

A: Result - Increase interest and awareness of Alaska as a travel destination.

Target #1: 2% increase the number of high potential visitors to Alaska.

Measure #1: % increase in high potential visitors (measured through Images of Alaska research).

Number of High Potential Visitors (Millions)

Year	YTD Total	Target
2000	22.5	22.5
2006	20.0 -11.11%	22.95 +2.00%

ATIA is currently analyzing possible reasons for decline in high potentials. Discussions focus on national trends that indicate that people tend to take shorter vacations closer to home. Alaska marketing programs must continually address perceptions that Alaska is "too far away."

Analysis of results and challenges: Last Update: November 8, 2006

Data gathering for the 2006 Images of Alaska study is complete. Preliminary data show that 20.0 million people or 9% of all U.S. adults are identified as being high-potential visitors (adults who state a high likelihood of visiting Alaska in the next 5-7 years).

Previously, the 2000 Images of Alaska study identified the size of the prospective/potential/high potential Alaska visitor market. 22.5 million people or 11% of all U.S. adults are identified as being high-potential visitors.

Target #2: 2% increase in domestic and international visitors between May 1 and September 30 on each year.

Measure #2: % increase in all visitors between May 1 and September 30.

Year	YTD Total	Target
2001	1.2	0
2002	1.28 +6.67%	0 0%
2003	1.3 +1.56%	0 0%
2004	1.48 +13.85%	0 0%
2005	1.53 +3.38%	1.51 0%
2006	0 -100.00%	1.56 +3.31%

The Alaska Visitor Statistics Program measures visitation between May to September of each year. The last major baseline study was conducted in 2000-2001 and the next will begin May 1, 2006. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The 2001 study established that 91% of Alaska's visitors come during the Summer (May 1 through September 30). This table shows summer visitors from summers 2001 to 2005.

Analysis of results and challenges: Last Update: 11/8/06

Summer 2006 visitor data is not available as of this update. Early estimates of cruise ship passenger numbers indicate about a 4% passenger increase over summer 2005. Since cruise ship visitation is currently responsible for the bulk of the growth in visitation, we should expect a corresponding 3-4% increase in total visitation for summer 2006. Alaska Visitor Statistics Program data is expected toward the end of 2006 after Cruise Line Agencies of Alaska's final data is released in November 2006.

Currently, we know that visitors to Alaska increased over 3% between the summer 2004 visitor season (1.48 million visitors) and the summer 2005 visitor season (1.53 million visitors).

A1: Strategy - Distribute information to consumers via marketing brochures.

Target #1: 500,000 brochures distributed to potential Alaska visitors.

Measure #1: Number of brochures distributed.

Number of Alaska Marketing Brochures Distributed

Fiscal Year	Quarter 1	YTD Total	Target
FY 2003	0	536,043	503,866
FY 2004	0	518,693	456,009
FY 2005	0	495,227	445,551
FY 2006	0	589,082	528,864
FY 2007	46,680	46,680	511,429

Analysis of results and challenges: The role of the ATIA consumer marketing programs is to find potential visitors throughout North America and provide them with compelling information about Alaska in an effort to convert their interest in Alaska to actual travel to the state. Aggressive direct response programs in FY'06 allowed ATIA to reach millions of potential visitors and resulted in nearly 589,082 qualified requests for Alaska travel information.

Each year, the Alaska Travel Industry Association (ATIA) establishes a goal in regards to the number of marketing brochures distributed to potential visitors.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message.

A2: Strategy - Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels.

Target #1: Media selection converts to travel at a rate of 12% or higher.

Measure #1: Conversion rates.

ATIA Conversion Rates

Fiscal Year	YTD Total	Target
FY 2001	12%	0
FY 2002	14%	0 0%
FY 2003	15%	0 0%
FY 2004	15.6%	0 0%
FY 2005	14.7%	12%

Analysis of results and challenges: Update: November 8, 2006

The 2005 Alaska Conversion Study was conducted to measure the effectiveness and cost efficiency of selected advertising sources used in the 2005 Alaska Tourism Industry Association program. The overall 2005 conversion rate for all sources tested is 14.7%, which is slightly lower compared to 2004 (15.6%).

Conversion rates are highest in the West (13%), followed closely by the East (11%), Midwest (11%) and the South (9%).

The overall return on investment (including transportation costs) for all 2005 sources combined is \$174.54 per visitor, up over \$14 compared to 2004 (\$160.25 per visitor).

A3: Strategy - Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail.

Target #1: 5% increase TravelAlaska.com unique visitors.

Measure #1: % increase in unique visitors to TravelAlaska.com.

Unique Visitors to TravelAlaska.com

Fiscal Year	Quarter 1	YTD Total	Target
FY 2003	0	850,924	0
FY 2004	0	1,451,151	0
FY 2005	0	1,494,488	0
FY 2006	0	2,043,808	1,569,212
FY 2007	434,412	434,412	2,145,998

Analysis of results and challenges: ATIA tracks web site statistics throughout the year and shares the information with the marketing committee so their decisions can be based on relevant and reliable information. Unique visitors to the www.travelalaska.com site increased 37% in FY06 over FY05.

B: Result - Increase the number of domestic visitors to Alaska.

Target #1: 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30.

Measure #1: % of annual increase in domestic visitors

Summer-Domestic Visitors to Alaska (in millions)

Year	YTD Total	Target
2001	1.09	0
2002	1.16 +6.42%	0 0%
2003	1.19 +2.59%	0 0%
2004	1.32 +10.92%	0 0%
2005	1.39 +5.30%	1.33 0%
2006	0 -100.00%	1.42 +6.77%

The Alaska Visitor Statistics Program measures visitation between October to September of each of year. The last major baseline study was conducted in 2000-2001 and the next will begin May 1, 2006. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The study established that 91% of Alaska's visitors are domestic travelers and 83% of them come during the Summer (May 1 through September 30). This table shows summer domestic visitors from summers 2001 to 2005.

Analysis of results and challenges: Last Update: 11/8/06

Summer 2006 visitor data is not available as of this update. Early estimates of cruise ship passenger numbers indicate about a 4% passenger increase over summer 2005. Since cruise ship visitation is currently responsible

for the bulk of the growth in visitation and cruise ship visitors are primarily domestic visitors, we should expect a corresponding 3-4% increase in total visitation for summer 2006. Alaska Visitor Statistics Program data is expected toward the end of 2006 after Cruise Line Agencies of Alaska's final data is released in November 2006.

Currently, we know that domestic visitors to Alaska increased over 5% between the summer 2004 visitor season (1.3 million domestic visitors) and the summer 2005 visitor season (1.4 million domestic visitors).

B1: Strategy - Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Travel Institute's Alaska Destination Specialist course.

Target #1: 150 Alaska Destination Specialist Graduates (through Alaska destination training to 560 travel agents/year).

Measure #1: Number of Alaska Destination Specialist Graduates.

Number Destination Specialist Graduates

Fiscal Year	YTD Total	Target
FY 2004	150	
FY 2005	151	150
FY 2006	0	150

Analysis of results and challenges: Last update: November 8, 2006

Table will be updated as soon as data is available.

C: Result - Increase international visitors to Alaska from Japan.

Target #1: 2% increase in visitors from Japan.

Measure #1: % increase in number of visitors from Japan.

Number of Japanese Visitors to Alaska

Fiscal Year	YTD Total	Target
FY 2004	4,200	
FY 2005	5,850 +39.29%	5850
FY 2006	0 -100.00%	5,967 +2.00%

Analysis of results and challenges: Last Update: 11/8/06

2006 international visitor data is not available as of this update. Alaska Visitor Statistics Program data for summer 2006 international visitors will be available early in 2007. Visitor data on 2006-2007 winter Japanese visitors will be available in summer 2007.

Currently, we know that FY04 and FY05, visitors from Japan to Alaska increased by 38%. This increase is reflective of a rebounding international market following terrorism attacks in 2001 and increased seats provided by Japan Airlines. Lesser, but still significant increases are expected in 2006.

It is increasingly important to track the number of visitors coming from overseas markets, especially given the changes that occurred as a result of 9/11 and homeland security issues. In FY03, ATIA conducted an international research study to determine the size of the prospective and high potential visitor markets in Japan, Australia, UK and German-speaking Europe. This study provides a baseline measurement tool for future assessment. The Alaska Visitor Statistics Program also provides information regarding the number of visitors coming from specific international markets and an update will be available following data collection in the 2006-07 visitor season. The Travel Industry of America reports that international arrivals to the US increased by 11.8% in 2004 over 2003.

Target #2: 2% increase in annual visitors to Alaska from Germany.

Measure #2: % increase in number of visitors to Alaska from Germany.

Number of German visitors to Alaska.

Fiscal Year	YTD Total	Target
FY 2004	6,663	0
FY 2005	7,721 +15.88%	7,721 0%
FY 2006	0 -100.00%	7,875 +1.99%

Analysis of results and challenges: Last Update: 11/8/06

2006 international visitor data is not available as of this update. Alaska Visitor Statistics Program data for summer 2006 international visitors will be available early in 2007. Visitor data on 2006-2007 winter German visitors will be available in summer 2007.

Currently, we know that between summer 2004 and summer 2005, visitors from Germany to Alaska increased by nearly 16%. This increase is reflective of a rebounding international market following terrorism attacks of 2001 and increased seats provided by Condor Airlines from Germany. Lesser, but still significant increases are expected in 2006.

C1: Strategy - Increase international air carrier service offered to Alaska.

Target #1: 2% increase in additional international air carrier flights to Alaska.

Measure #1: % increase in international flights to Alaska.

Number of International Flights to Alaska

Fiscal Year	YTD Total	Target
FY 2004	0	0
FY 2005	0 0%	0 0%
FY 2006	0 0%	0 0%

Data will be added.

Analysis of results and challenges: Although the number of flights has been increased, it is difficult to measure without the help from outside agencies.

D: Result - Promote travel to Alaska by generating stories of interest to both national and international media outlets.

Target #1: 2% annual increase in value of media coverage generated through public relations activities.

Measure #1: % increase in value of media generated through ATIA's public relations efforts.

Print Media Value (million)

Fiscal Year	YTD Total	Target
FY 2006	7.4	7.4
FY 2007	0 -100.00%	7.54 +1.89%

In addition to media value, the B4UDIE Billboard campaign generated 8.5 million audience impressions and B-roll distributed to networks on baby bison generated 7.2 million audience impressions.

Source: Independent third party review, Bacons, October 1 2005 through June 30, 2006

Analysis of results and challenges: Last Update: November 2, 2006

The public relations program works with the media to generate travel stories featuring a wide variety of Alaska travel products, regions and market segments.

D1: Strategy - Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors.

Target #1: 2% annual increase in the number of Alaska Media Road Show participants (to allow more Alaska businesses to gain more exposure with influential travel publications, broadcasters).

Measure #1: % annual increase in the number of Alaska Media Road Show participants.

Number of Media Road Show Participants

Fiscal Year	YTD Total	Target
FY 2005	33	0
FY 2006	46 +39.39%	47 0%
FY 2007	64 +39.13%	48 +2.13%
FY 2008	0 -100.00%	49 +2.08%

Analysis of results and challenges: In FY06, ATIA staff and the public relations contractor hosted the fourth annual Alaska Media Road Show in Whistler, BC, matching 33 members and community partners with 35 national travel writers to generate Alaska stories. The Alaska Media Roadshow is the flagship event of the public relations efforts and has proven to be an effective tool in reaching a variety of media. The FY'07 road show was planned for New York City to give partners and sponsors an even better opportunity to impact the world's top journalist and media outlets with Alaska's tourism story.

D2: Strategy - Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance.

Target #1: 2% annual increase in the number of journalists assisted.

Measure #1: % increase in the number of journalists assisted.

Number of Journalists Assisted

Fiscal Year	Quarter 1	YTD Total	Target
FY 2004	0	330	
FY 2005	0	450	
FY 2006	0	500	459
FY 2007	74	74	510

Analysis of results and challenges: In FY'06 ATIA provided itinerary planning, b-roll duplication, fact checking, image fulfillment and editorial suggestions to over 400 domestic journalists and over 100 international media outlets.

RDU/Component: Investments

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

To promote economic development;

To provide interagency and interdepartmental loan servicing of other loan portfolios that increase operational efficiencies; and

To protect the State's investments in the loan funds under administration and provide a return on capital when it does not impair program missions.

Core Services

Provide direct state loan origination and servicing under five active loan programs: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development, Rural Development Initiative Fund, and Self-Help Group Home.

Provide servicing of loan portfolios owned by other state agencies.

Protect the financial integrity of the loan funds under administration through loan servicing efforts and provide a return on capital to the state when appropriate.

End Results	Strategies to Achieve Results
<p>A: Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.</p> <p><u>Target #1:</u> Create or maintain 500 jobs annually in the Alaska commercial fishing industry as a result of financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF).</p> <p><u>Measure #1:</u> The number of direct jobs created or maintained.</p> <p><u>Target #2:</u> Create or maintain 50 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.</p> <p><u>Measure #2:</u> The number of rural jobs created or maintained.</p> <p><u>Target #3:</u> Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually.</p> <p><u>Measure #3:</u> Total annual value of hatchery-reared salmon to various commercial fisheries.</p>	<p>A1: Increase financial services provided to Alaskan commercial fishing harvesters.</p> <p><u>Target #1:</u> Provide financial services to 750 commercial fishing harvesters annually.</p> <p><u>Measure #1:</u> The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the Commercial Fishing Revolving Loan Fund.</p> <p>A2: Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.</p> <p><u>Target #1:</u> Maintain the number of permits held by Alaskans at 78% or greater.</p> <p><u>Measure #1:</u> The percentage of limited entry permits held by Alaska residents.</p> <p>A3: Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.</p> <p><u>Target #1:</u> Generate sixteen new Rural Development Initiative Fund and Small Business Economic Development loans originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA) annually.</p>

	<p>Measure #1: The number of new Rural Development Initiative Fund and Small Business Economic Development Loans.</p> <p>A4: Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.</p> <p>Target #1: Process Fisheries Enhancement loan applications in 25 days or less.</p> <p>Measure #1: The number of days to process Fisheries Enhancement loan applications.</p>
End Results	Strategies to Achieve Results
<p>B: Interagency and interdepartmental servicing of loan portfolios.</p> <p>Target #1: Generate \$1.0 million or more annually in new loans.</p> <p>Measure #1: The annual dollar amount of loans generated from loan portfolios serviced for other agencies.</p>	<p>B1: Provide prudent financial management of loan funds serviced for other agencies.</p> <p>Target #1: Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than the Alaska Division of Investments at 10% or less.</p> <p>Measure #1: The average annual delinquency rate of all loans serviced for other agencies.</p>
End Results	Strategies to Achieve Results
<p>C: A return of capital to the state through financial management of loan funds.</p> <p>Target #1: Generate \$3.5 million in excess earnings annually that may be utilized to fund government operations.</p> <p>Measure #1: The amount of excess earnings generated annually from the operation of loan funds.</p>	<p>C1: Generate capital excess to loan demand and operational needs to help fund government operations.</p> <p>Target #1: Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 9% or less.</p> <p>Measure #1: Average annual delinquency rate of all loan funds.</p> <p>Target #2: Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund at 12% or less.</p> <p>Measure #2: Average annual delinquency rate of the Commercial Fishing Revolving Loan Fund.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Promote Program Awareness through Marketing/Outreach Efforts Loan Origination Loan Servicing Promote Awareness of Loan Servicing Capabilities Loan Refinancing Loan Modifications and Workouts Loan Collections Originate Loans in Rural Areas that Focus on Job Creation 	<ul style="list-style-type: none"> Pursue Additional Funding Opportunities when Appropriate Continue Utilizing Fisheries Business Assistance Contract Continue Public Outreach Efforts to Rural Alaska Continue Participation in the Volunteer Tax and Loan Program Participate in Hatchery Corporation Board Meetings Administer Salmon Enhancement Tax Distribution Provide Loans To Newly Created Community Quota Entities

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,627,400

Personnel:

Full time	39
Part time	0
Total	39

Performance Measure Detail

A: Result - Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.

Target #1: Create or maintain 500 jobs annually in the Alaska commercial fishing industry as a result of financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF).

Measure #1: The number of direct jobs created or maintained.

Number of Jobs Created or Maintained Through Commercial Fishing Revolving Loans

Fiscal Year	Jobs Created/Maintained
FY 2005	603
FY 2006	400

Analysis of results and challenges: The reduction in jobs in FY06 is due to a substantial increase in the number of loan repayments made, which in turn resulted in a dramatic reduction in the number of extension requests processed. Fewer extension requests reduced the number of jobs maintained. Maintaining local ownership of fishery resources and the jobs associated with this ownership is critically important to Alaska's economy. Lending activity results in the creation of new jobs and the maintenance of existing jobs for Alaska residents, in addition to providing a necessary source of capital to the commercial fishing industry. Maintaining employment levels is critical to Alaska's economy, particularly in rural areas of the state. The Commercial Fishing Revolving Loan Fund (CFRLF) plays a significant role in the rural economy, as commercial fishing is often the only viable economic activity. The Alaska Division of Investments (ADI) will seek to maximize the ability of the CFRLF to facilitate job creation.

Target #2: Create or maintain 50 rural jobs annually statewide as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.

Measure #2: The number of rural jobs created or maintained.

Number of Jobs Created or Maintained Through Rural Development Initiative Fund and Small Business Economic Development Loans

Fiscal Year	Jobs Created/Maintained
FY 2003	38
FY 2004	31
FY 2005	204
FY 2006	186

Analysis of results and challenges: The increase in jobs in FY05 was the result of a significant outreach effort undertaken in rural areas of the state, which dramatically increased loan volume. The slight reduction in FY06 is a result of fewer funds available to finance projects. Since these funds are revolving, and repayments are coming in slower than the demand for new loans, the number of new loans made in FY07 is expected to be reduced as well. The creation of jobs is a keystone of economic development efforts. The primary goal of the Rural Development Initiative Fund (RDIF) and the Small Business Economic Development (SBED) programs is economic development through job creation in rural areas. During FY06, a total of 186 jobs were created or

maintained as a result of loans made under the RDIF and SBED programs. The Alaska Division of Investments will intensify efforts to locate and finance viable projects through the RDIF and SBED programs.

Target #3: Provide financing to Alaskan private non-profit aquaculture corporations to produce \$40 million in hatchery-reared salmon to Alaskan commercial fisheries annually.

Measure #3: Total annual value of hatchery-reared salmon to various commercial fisheries.

Total Value of Hatchery-Reared Salmon to Statewide Commercial Fisheries

Year	Hatchery Salmon Value
1998	\$41,700,000
1999	\$46,800,000
2000	\$57,000,000
2001	\$44,300,000
2002	\$29,100,000
2003	\$39,900,000
2004	\$26,500,000
2005	\$39,300,000

Analysis of results and challenges: Salmon hatcheries provide a significant financial contribution to numerous coastal economies. The Alaska Division of Investments (ADI) provides the salmon aquaculture industry in Alaska with a source of low-cost capital through the Fisheries Enhancement Revolving Loan Fund (FERLF). This capital is specifically tailored by statute to meet the needs of this unique industry and is not available in the private sector. Measuring the amount of money generated annually as a result of salmon raised by FERLF participants is a good indicator of the program's effectiveness. The most recent information available from the Alaska Department of Fish & Game (ADF&G) Calendar Year 2005 (CY05), indicates a total market value of hatchery-reared salmon of \$39.3 million.

A1: Strategy - Increase financial services provided to Alaskan commercial fishing harvesters.

Target #1: Provide financial services to 750 commercial fishing harvesters annually.

Measure #1: The number of harvesters provided with financial services annually through new loans, loan restructurings, workouts, refinancing and other lending activities under the Commercial Fishing Revolving Loan Fund.

Harvesters Provided with Financial Services under the Commercial Fishing Revolving Loan Fund

Fiscal Year	Commercial Harvesters
FY 2004	841
FY 2005	1032
FY 2006	912

Analysis of results and challenges: One of the primary benefits of the lending activity and financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF) is the creation and maintenance of jobs. There is a direct link between new loans and job creation as resident borrowers hire licensed crew to operate their small business enterprises. They also have a positive impact on Alaska's economy through the purchase of goods and services. Like any small business, these fishing operations are small economic development engines, often located in rural areas where they provide one of the few practical economic development means available. In addition, the Alaska Division of Investments (ADI) efforts in restructuring troubled loans serves as an economic buffer to the significant potential loss of jobs that would result without such efforts. Another significant benefit to the services provided by ADI is the ability to provide financial management and small business management skills to individuals as a result of the application process.

A2: Strategy - Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.

Target #1: Maintain the number of permits held by Alaskans at 78% or greater.

Measure #1: The percentage of limited entry permits held by Alaska residents.

The Percentage of Limited Entry (LE) Permits Held by Alaskan Residents

Fiscal Year	Alaskan Owned LE Permits
FY 1998	77%
FY 1999	78%
FY 2000	78%
FY 2001	78%
FY 2002	78%
FY 2003	78%
FY 2004	78%
FY 2005	78%
FY 2006	77%

Analysis of results and challenges: A statutory mission of the Commercial Fishing Revolving Loan Fund is to provide long term, low interest loans to commercial fishing harvesters to promote resident fisheries. The overall resident ownership of limited entry permits is one of the ways to measure program success. Resident ownership is particularly important in rural areas where economic opportunities are limited.

A3: Strategy - Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.

Target #1: Generate sixteen new Rural Development Initiative Fund and Small Business Economic Development loans originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA) annually.

Measure #1: The number of new Rural Development Initiative Fund and Small Business Economic Development Loans.

The Number of New Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) Loans Originated and Serviced for Alaska Industrial Development and Export Authority

Fiscal Year	New Loans ~ SBED & RDIF
FY 2003	5
FY 2004	9
FY 2005	23
FY 2006	22

Analysis of results and challenges: The Small Business Economic Development and Rural Development Initiative Fund loan programs were designed specifically for creating and maintaining jobs in rural areas of the state. Loans under these programs are analyzed in terms of their ability to do so. During Fiscal Year 2006 (FY06), a total of 22 loans were made, creating or saving a total of 186 rural jobs. The Alaska Division of Investments intends to build on this success by continuing to market the program and will strive to create as many jobs as possible by fully utilizing available funding.

A4: Strategy - Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.

Target #1: Process Fisheries Enhancement loan applications in 25 days or less.

Measure #1: The number of days to process Fisheries Enhancement loan applications.

Fisheries Enhancement Loan Application Response Time

Fiscal Year	Days to Process FE App
FY 2004	24
FY 2005	17
FY 2006	5

Analysis of results and challenges: Efficient processing of applications benefits the aquaculture industry during periods of economic stress such as we are currently experiencing. Projects funded through loans are not as likely to be jeopardized by delays and cost overruns when applications are processed timely.

B: Result - Interagency and interdepartmental servicing of loan portfolios.

Target #1: Generate \$1.0 million or more annually in new loans.

Measure #1: The annual dollar amount of loans generated from loan portfolios serviced for other agencies.

New Loans Generated From Loan Portfolios Serviced for Other Agencies

Fiscal Year	New Loans Generated
FY 2003	\$1,374,600
FY 2004	\$1,031,400
FY 2005	\$2,989,100
FY 2006	\$2,540,000

Analysis of results and challenges: Full utilization of the loan funds serviced for other agencies leads to job creation and overall economic development. The Alaska Division of Investments (ADI) has taken steps to increase public awareness of these programs that has led to a dramatic increase in loan volume and a higher level of utilization of the funds. ADI's goal is to maintain the highest level of fund utilization resulting in job creation, while maintaining prudent lending practices.

B1: Strategy - Provide prudent financial management of loan funds serviced for other agencies.

Target #1: Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies other than the Alaska Division of Investments at 10% or less.

Measure #1: The average annual delinquency rate of all loans serviced for other agencies.

Average Annual Delinquency Rate of Portfolios Serviced for Other Agencies

Fiscal Year	Average Delinquency Rate
FY 2003	11.0%
FY 2004	10.2%
FY 2005	14.8%
FY 2006	6.8%

Analysis of results and challenges: The consolidation of lending functions across various agencies to the Alaska Division of Investments (ADI) results in more efficient government. Maintaining low delinquency rates on the loan funds administered by ADI results in greater operational efficiencies and a higher rate of return to the loan funds. The majority of loans serviced for other agencies are small business loans aimed at rural areas.

Commercial lending in rural Alaska requires experience and knowledge in rural economic conditions to stimulate economic development while maintaining prudent lending practices. ADI accomplishes this by utilizing an experienced and knowledgeable staff.

C: Result - A return of capital to the state through financial management of loan funds.

Target #1:Generate \$3.5 million in excess earnings annually that may be utilized to fund government operations.

Measure #1: The amount of excess earnings generated annually from the operation of loan funds.

Excess Earnings Utilized for Government Operations

Fiscal Year	Excess Earnings Utilized
FY 2000	\$1,508,600
FY 2001	\$3,115,500
FY 2002	\$2,040,200
FY 2003	\$4,530,100
FY 2004	\$2,875,300
FY 2005	\$5,557,000
FY 2006	\$4,000,000

Analysis of results and challenges: Proper financial management of the Alaska Division of Investments loan portfolios creates earnings that can be made available for the operations of state government. Excess interest earnings from continuing operations of the loan funds, combined with interest earned by the Treasury from cash in the loan funds, can be utilized without sacrificing program goals when managed carefully.

C1: Strategy - Generate capital excess to loan demand and operational needs to help fund government operations.

Target #1:Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 9% or less.

Measure #1: Average annual delinquency rate of all loan funds.

Average Annual Delinquency Rate of All Loan Funds

Fiscal Year	Average Delinquency Rate
FY 2000	6.9%
FY 2001	10.4%
FY 2002	15.1%
FY 2003	15.6%
FY 2004	10.7%
FY 2005	6.3%
FY 2006	2.1%

Analysis of results and challenges: Maintaining an appropriately low delinquency rate on loan funds under the Alaska Division of Investments (ADI) administration increases cash flow into the funds, making more funds available to lend and generating more interest income. Delinquency management is an integral part of the financial management of loan funds. ADI accomplishes this by utilizing an experienced and knowledgeable collections staff.

Target #2: Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund at 12% or less.

Measure #2: Average annual delinquency rate of the Commercial Fishing Revolving Loan Fund.

Average Annual Delinquency Rate of the Commercial Fishing Revolving Loan Fund

Fiscal Year	Average Delinquency Rate
FY 2000	25.0%
FY 2001	17.0%
FY 2002	20.4%
FY 2003	21.5%
FY 2004	13.5%
FY 2005	9.6%
FY 2006	4.8%

Analysis of results and challenges: The commercial fishing industry in Alaska has experienced dramatic and stressful changes in the recent past, primarily as a result of the impact of farmed salmon on world markets. The Alaska Division of Investments (ADI) has utilized many creative solutions to help meet the needs of the industry and accomplish program goals while at the same time protecting the integrity of the Commercial Fishing Revolving Loan Fund. ADI will continue to effectively manage delinquencies by utilizing an experienced and knowledgeable collections staff.

Alaska Aerospace Development Corporation Results Delivery Unit

Contribution to Department's Mission

Promote aerospace related economic growth and development and strengthen Alaska technological infrastructure.

Core Services

- Provide rocket launch venue
- Provide rocket launch support services to customers

End Results	Strategies to Achieve Results
A: Maintain or improve launch services operating revenue <u>Target #1:</u> Increase launch services operating revenue <u>Measure #1:</u> Amount of launch operating revenue	A1: Expand launch services offered <u>Target #1:</u> Add one new service annually <u>Measure #1:</u> Number of new services added
End Results	Strategies to Achieve Results
B: Maintain or improve contribution level to Alaska economy <u>Target #1:</u> Increase level of operating spending in Alaska economy <u>Measure #1:</u> Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures	B1: Increase spending on Alaska payroll, goods and services <u>Target #1:</u> Hire and train in Alaska <u>Measure #1:</u> Number of additional AADC personnel <u>Target #2:</u> Purchase Alaska goods and services <u>Measure #2:</u> Amount of operating spending with Alaska vendors compared to total vendor spending
End Results	Strategies to Achieve Results
C: Strengthen Alaska's technological infrastructure <u>Target #1:</u> Continue investment in capital assets <u>Measure #1:</u> Amount of cumulative investment in capital assets	C1: Continue to develop Kodiak Launch Complex (KLC) facilities and services. <u>Target #1:</u> Upgrade Range Safety and Telemetry System <u>Measure #1:</u> System upgraded in FY05 <u>Target #2:</u> Add Mobile Telemetry System (MTS) <u>Measure #2:</u> System purchased and placed in service in FY06 <u>Target #3:</u> Add Fiber Optic Connectivity <u>Measure #3:</u> Connectivity to be placed in service at KLC and Kodiak Borough in FY07

Major Activities to Advance Strategies

- Expand launch services provided
- Maintain or improve contribution level to Alaska economy
- Develop infrastructure to enhance capabilities

FY2008 Resources Allocated to Achieve Results

FY2008 Results Delivery Unit Budget: \$24,833,600

Personnel:

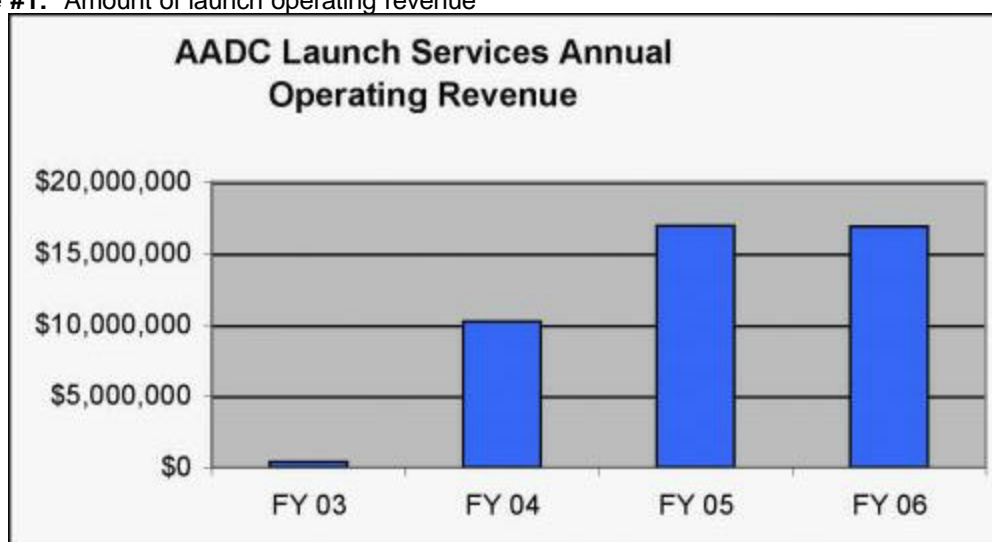
Full time 47

Part time 0

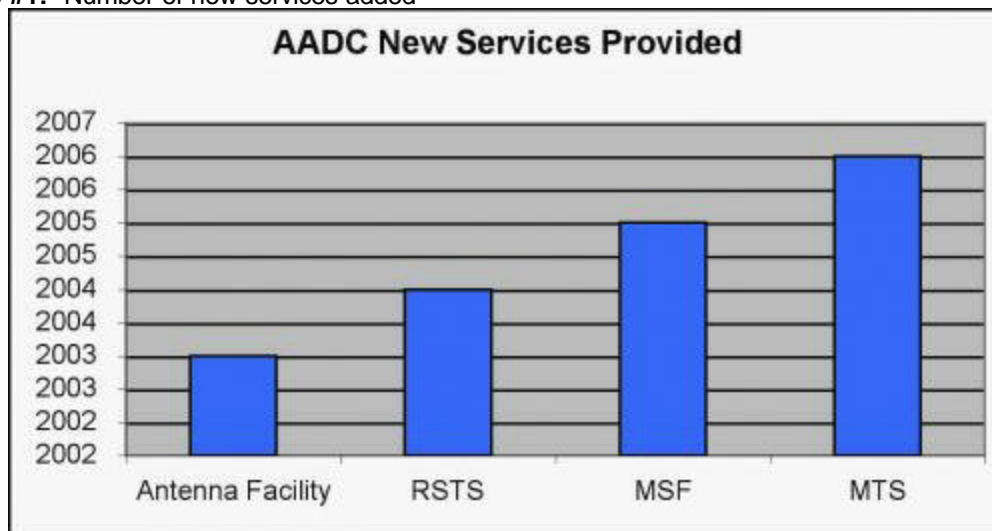
Total 47

Performance Measure Detail

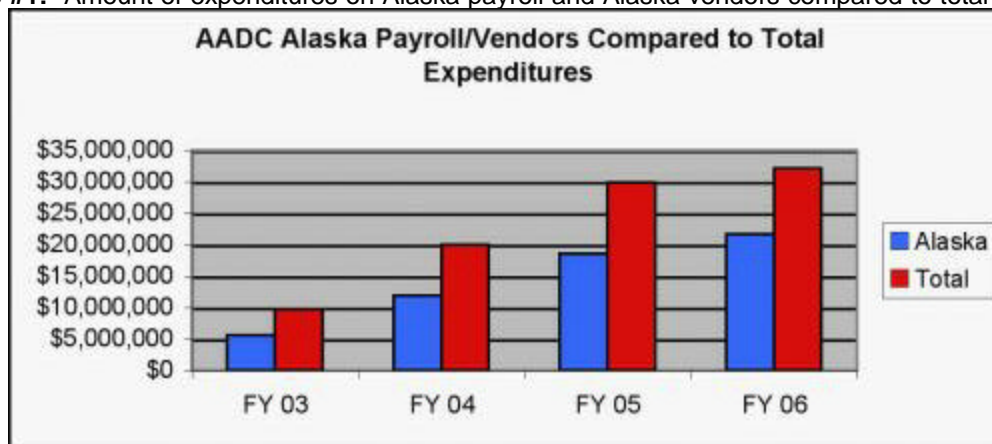
A: Result - Maintain or improve launch services operating revenue

Target #1: Increase launch services operating revenue**Measure #1:** Amount of launch operating revenue

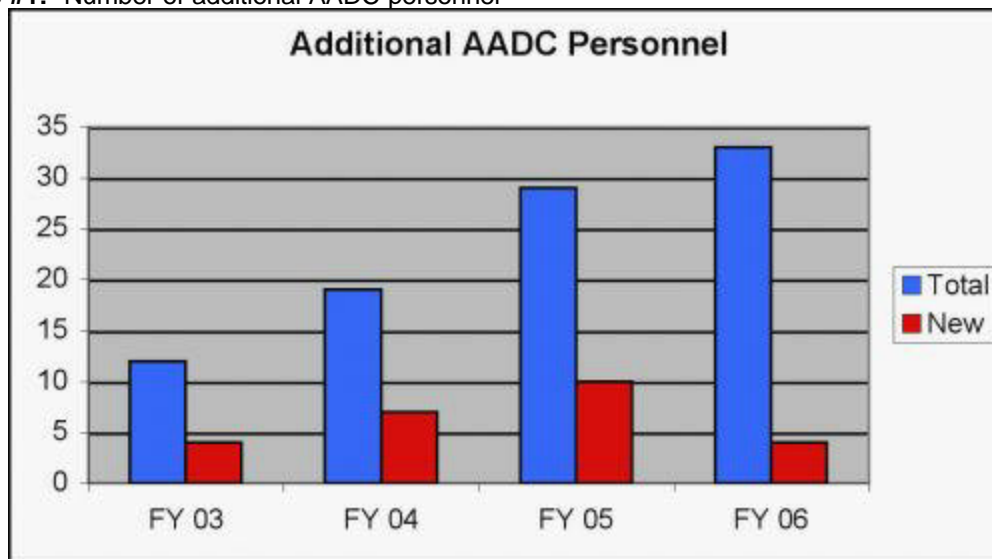
Analysis of results and challenges: Launch operating revenue for the Kodiak Launch Complex (KLC) remained approximately the same at \$16.9 million from FY05 to FY06. There are three launches forecasted each for FY07 and FY08 with launch operating revenue projected at \$25 million and \$26 million, respectively. Additional launch support personnel and expanded launch support services will continue to be offered in order for the launch services operating revenue to increase.

A1: Strategy - Expand launch services offered**Target #1:** Add one new service annually**Measure #1:** Number of new services added

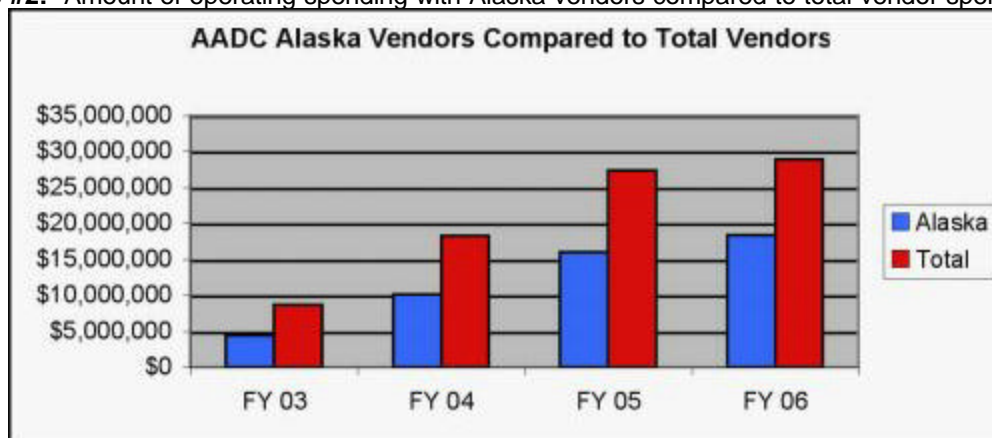
Analysis of results and challenges: In September 2005, AADC completed the Maintenance and Storage Facility (MSF) which was fully implemented in FY06. In FY06, AADC completed the Mobile Telemetry System (MTS) and in FY07 AADC plans to increase communication capabilities.

B: Result - Maintain or improve contribution level to Alaska economy**Target #1:** Increase level of operating spending in Alaska economy**Measure #1:** Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures

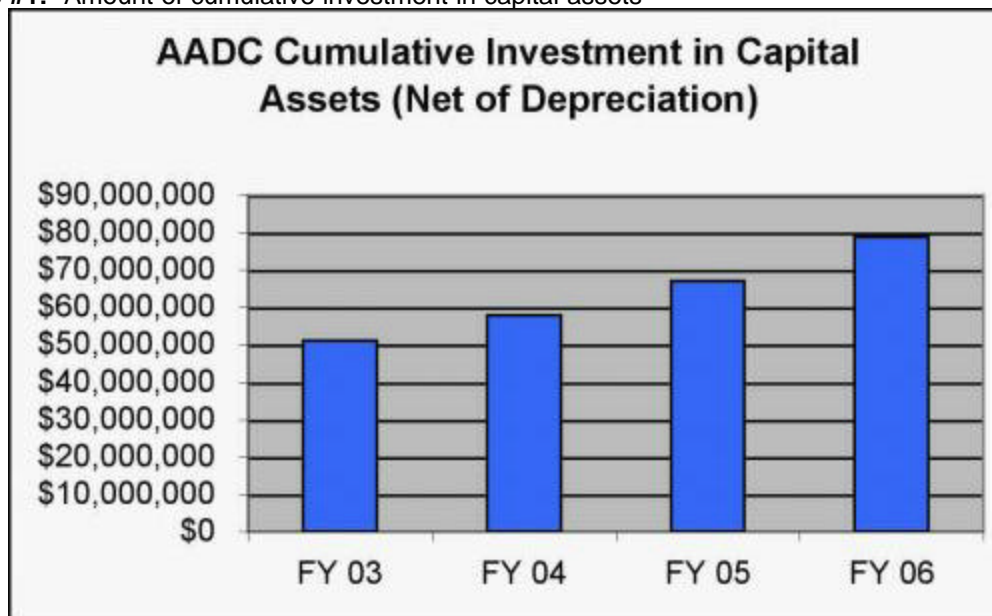
Analysis of results and challenges: In FY06, AADC spent \$21.6 million on Alaska payroll and vendors (or 67%) compared to \$32.1 million in total expenditures. This represents a 5% increase over FY05, and an average of 3% increase per year from FY03. This increase in the percentage of expenditures associated with Alaska payroll and vendors compared to total expenditures supports AADC's mission to promote aerospace related economic growth by maintaining or improving contribution levels to Alaska's economy.

B1: Strategy - Increase spending on Alaska payroll, goods and services**Target #1:** Hire and train in Alaska**Measure #1:** Number of additional AADC personnel

Analysis of results and challenges: In FY06, AADC hired 4 new personnel. AADC plans on hiring 4 new employees in FY07.

Target #2: Purchase Alaska goods and services**Measure #2:** Amount of operating spending with Alaska vendors compared to total vendor spending

Analysis of results and challenges: AADC spent \$18.4 million out of \$28.9 million with Alaska vendors in FY06, and plans to continue to focus on utilizing Alaska goods and services.

C: Result - Strengthen Alaska's technological infrastructure**Target #1:** Continue investment in capital assets**Measure #1:** Amount of cumulative investment in capital assets

Analysis of results and challenges: Cumulative investment in capital assets, taking into consideration the cost of depreciation, through FY06 was \$78.8 million. This represents an increase of 18% over FY05, and an average increase of 16% per year since FY03. Investment in capital assets for FY06 including funds for enhancements to the Range Safety and Telemetry System. Investment in capital assets is projected to continue in FY07 and FY08.

C1: Strategy - Continue to develop Kodiak Launch Complex (KLC) facilities and services.**Target #1:** Upgrade Range Safety and Telemetry System**Measure #1:** System upgraded in FY05**Target #2:** Add Mobile Telemetry System (MTS)**Measure #2:** System purchased and placed in service in FY06**Target #3:** Add Fiber Optic Connectivity**Measure #3:** Connectivity to be placed in service at KLC and Kodiak Borough in FY07

Component: Alaska Industrial Development and Export Authority

Contribution to Department's Mission

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to provide means of financing to promote economic growth and diversification in Alaska.

Core Services

Loan Participation Program

Conduit Revenue Bond Program

Business and Export Assistance Program

Rural Development Initiative Fund and Small Business Economic Development Revolving Loan Fund (AIDEA statutory programs, partially funded by AIDEA, managed by DCED)

Development Finance Program – AIDEA –owned projects

Staffing and administrative overhead for the Alaska Energy Authority

End Results	Strategies to Achieve Results
A: Economic growth in Alaska is Promoted <u>Target #1:</u> 500 Permanent jobs annually created or retained in Alaska by AIDEA financing <u>Measure #1:</u> Number of permanent jobs annually created or retained in Alaska by AIDEA financing <u>Target #2:</u> 400 Construction jobs annually created or retained in Alaska by AIDEA financing <u>Measure #2:</u> Number of construction jobs annually created or retained in Alaska by AIDEA financing	A1: Maintain/improve existing "A" credit rating <u>Target #1:</u> Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels. <u>Measure #1:</u> Loan delinquency percentages compared to performance of Alaska banks <u>Target #2:</u> 1:1 ratio of cash to General Obligation debt outstanding <u>Measure #2:</u> Ratio of cash to outstanding General Obligation debt <u>Target #3:</u> Percent of loan portfolio to one type of industry limited to 50% <u>Measure #3:</u> Percent of loan portfolio by industry type

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Issue loans • Manage loan portfolio and mitigate risk through industry and geographic diversification • Invest funds • Manage AIDEA-owned projects 	<ul style="list-style-type: none"> • Facilitate business development opportunities • Evaluate business proposals • Perform project feasibility studies • Participate in public outreach programs

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$8,435,100

Personnel:

Full time	66
Part time	0
Total	66

Performance Measure Detail

A: Result - Economic growth in Alaska is Promoted

Target #1: 500 Permanent jobs annually created or retained in Alaska by AIDEA financing**Measure #1:** Number of permanent jobs annually created or retained in Alaska by AIDEA financing

Number of Permanent Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	542
FY 2004	630
FY 2005	1026
FY 2006	813

Analysis of results and challenges: The Loan Participation Program provides long-term financing to Alaska businesses for new or existing projects, or for the refinancing of existing loans. The Loan Participation Program has been highly successful since its inception in the early 1980's, as it mirrors the overall health of the real estate market. AIDEA's participation in financing loans helps businesses create jobs for Alaskans.

Target #2: 400 Construction jobs annually created or retained in Alaska by AIDEA financing**Measure #2:** Number of construction jobs annually created or retained in Alaska by AIDEA financing

Number of Construction Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	471
FY 2004	310
FY 2005	390
FY 2006	610

Analysis of results and challenges: AIDEA measures its success by creating jobs and distinguishes the types of jobs created. Since AIDEA's loan participation program is used to finance commercial real estate projects and businesses, it is important to distinguish permanent jobs created from construction jobs which although temporary in nature are important in measuring economic growth.

A1: Strategy - Maintain/improve existing "A" credit rating

Target #1: Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels.

Measure #1: Loan delinquency percentages compared to performance of Alaska banks

% Loan Delinquencies (over 90 days) at June 30

Year	Alaska Financial Inst	AIDEA %Delinquent
2003	NA	4.75%
2004	NA	.77%
2005	2.10%	.20%
2006	2.82%	.16%

Analysis of results and challenges: Since AIDEA's loan portfolio is primarily commercial real estate and AIDEA does not have the ability to diversify to other types of loans, such as residential or multifamily real estate, it is important for AIDEA's delinquency rate to remain below the banking industries level of delinquencies.

Target #2: 1:1 ratio of cash to General Obligation debt outstanding

Measure #2: Ratio of cash to outstanding General Obligation debt

Ratio of Cash to GO Debt Outstanding at June 30

Year	YTD Total
2002	1.53
2003	1.67
2004	1.54
2005	1.88
2006	1.86

Analysis of results and challenges: At least one dollar of cash is available for every dollar of General Obligation debt AIDEA has outstanding. On June 30, 2006 AIDEA had \$1.86 in cash for every dollar of debt outstanding. Debt coverage is an important measure used by rating agencies to determine AIDEA's credit strength.

Target #3: Percent of loan portfolio to one type of industry limited to 50%

Measure #3: Percent of loan portfolio by industry type

Loan Portfolio Diversification by Industry as of June 30, 2006	
Industry	% of Total Outstanding Principal Balance
Hospital/Clinic/Day Care	1.59%
Restaurant	1.29%
Aviation	2.77%
Office/Warehouse	14.02%
Recreation	6.78%
Office/Business Condo	13.80%
Retail	27.69%
Tourism: Hotel/Lodge	21.70%
Warehouse/Shop	7.33%
Other	3.03%
	100.00%

Analysis of results and challenges: The loan participation program has helped diversify the Alaskan economy by providing financing for a large variety of commercial facilities ranging from office buildings, warehouses and retail establishments to hotels, fishing vessels and manufacturing facilities. AIDEA, unlike commercial banks, is limited in its loan participations to the category of commercial real estate and tangible personal property. AIDEA manages the commercial real estate portfolio for maximum diversification in conjunction with market needs.

Alaska Energy Authority Results Delivery Unit

Contribution to Department's Mission

Reduce the cost of energy in Alaska.

Core Services

AEA projects and programs support its mission by 1) providing for the operation and maintenance of existing Authority-owned projects with maximum utility control, 2) assisting in the development of safe, reliable, and efficient energy systems throughout Alaska, which are sustainable and environmentally sound, 3) reducing the cost of electricity for residential customers and community facilities in rural Alaska, and 4) responding quickly and effectively to electrical emergencies.

End Results	Strategies to Achieve Results
<p>A: The unit cost of energy in Rural Alaska is reduced.</p> <p><u>Target #1:</u> Increase in generation efficiency <u>Measure #1:</u> % change in generation efficiency</p> <p><u>Target #2:</u> 100% eligible electric utilities receive PCE payments <u>Measure #2:</u> % of eligible electric utilities receiving PCE</p>	<p>A1: Reduce the number of Bulk Fuel (BF) non-code compliant facilities</p> <p><u>Target #1:</u> Upgrade 10 rural bulk fuel facilities annually <u>Measure #1:</u> Number of completed BF upgrade projects per year</p> <p>A2: Upgrade rural powerhouses to increase diesel efficiency</p> <p><u>Target #1:</u> 8 rural power system upgrades (RPSU) completed annually <u>Measure #1:</u> Number of completed RPSU projects per year</p> <p>A3: Manage the Bulk Fuel Revolving Loan Fund to maximize the amount available to eligible communities</p> <p><u>Target #1:</u> 5% or less delinquency rate (over 90 days) <u>Measure #1:</u> \$ amount of loans over 90 days due/\$ amount of loans outstanding</p> <p>A4: Train rural residents to manage and operate rural energy infrastructure and programs</p> <p><u>Target #1:</u> 100 rural residents trained annually to manage and operate rural energy infrastructure and programs <u>Measure #1:</u> Number of rural residents trained annually</p>

FY2008 Resources Allocated to Achieve Results

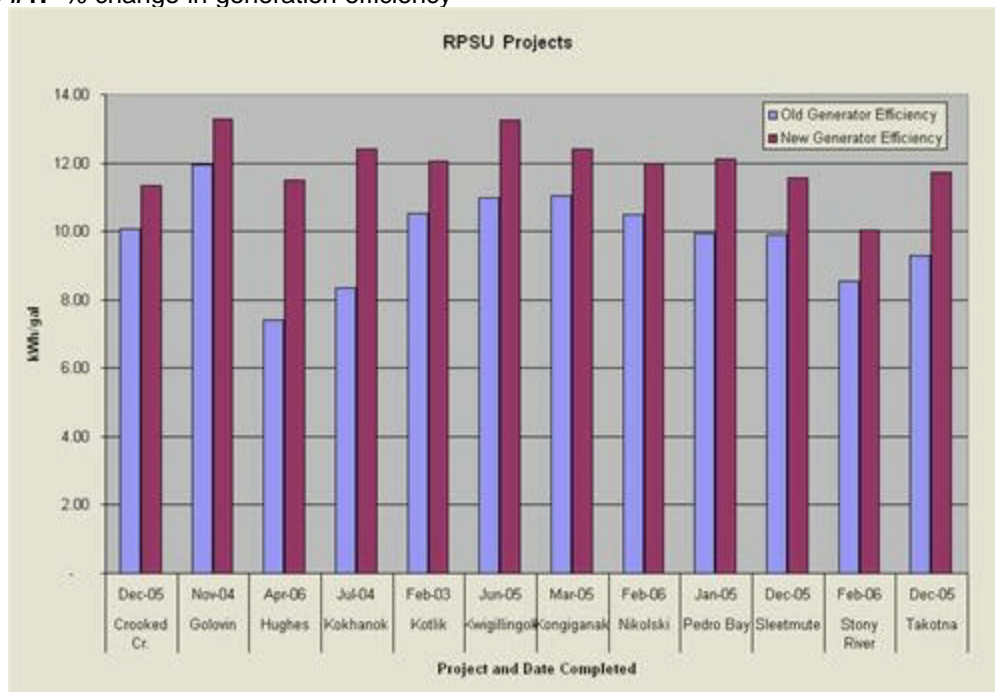
FY2008 Results Delivery Unit Budget: \$31,378,800

Personnel:

Full time	0
Part time	0
Total	0

Performance Measure Detail

A: Result - The unit cost of energy in Rural Alaska is reduced.

Target #1: Increase in generation efficiency**Measure #1:** % change in generation efficiency

Analysis of results and challenges: Generator efficiency before and after the RPSU projects based on PCE data is shown in the chart above. Diesel efficiency measures include 1) replacement of old engine generators with more efficient electronic fuel injection units, 2) addition of modern system controls that optimize dispatch of the most efficient units for a given electrical load, and 3) recovery of "waste" heat for use in local schools and other facilities. Average efficiency increase in kilowatt hours produced per gallon of diesel fuel is about 10%. Increase in efficiency for the facilities listed in the chart saved more than 50,000 gallons of fuel.

Target #2: 100% eligible electric utilities receive PCE payments

Measure #2: % of eligible electric utilities receiving PCE

Percentage of Eligible Utilities Receiving PCE

Fiscal Year	YTD Total
FY 2003	95.5%
FY 2004	95.5%
FY 2005	98.8%
FY 2006	98.8%

Analysis of results and challenges: PCE payments reduce the unit cost of power to residential and community facility customers of eligible utilities. AEA provides technical assistance to utility clerks that need help preparing PCE reports; utilities that are not participating pursuant to the statutes and regulations do not receive some or all payments. In FY2003 and FY 2004, 4 utilities that had established PCE levels, did not participate in the program. (4 out of 88; or 4.5%). In FY 2005 and FY 2006, 1 utility with an established PCE level did not participate in the program. (1 out of 86; or 1.2%) Additionally in FY 2006, 5 utilities participated in only a portion of the fiscal year and received only partial-year reimbursement.

A1: Strategy - Reduce the number of Bulk Fuel (BF) non-code compliant facilities

Target #1: Upgrade 10 rural bulk fuel facilities annually

Measure #1: Number of completed BF upgrade projects per year

Number of completed BF Upgrade projects per year

Year	YTD Total
2000	3
2001	9
2002	0
2003	12
2004	11
2005	8
2006	7

Analysis of results and challenges: A total of 21 projects were completed in years previous to 2000. Upgrading Bulk Fuel facilities reduces the unit cost of energy by replacing leaking tanks and reducing the risk of future tank and equipment failure. Bringing these facilities into compliance with federal and state codes and regulations also makes them safer and more reliable. By eliminating fuel spills from leaking tanks, a community is able to use all fuel purchased. Approximately 38 communities need bulk fuel facility upgrades.

A2: Strategy - Upgrade rural powerhouses to increase diesel efficiency

Target #1: 8 rural power system upgrades (RPSU) completed annually

Measure #1: Number of completed RPSU projects per year

RPSU Projects completed annually

Year	YTD Total
2001	2
2002	1
2003	2
2004	4
2005	10
2006	10

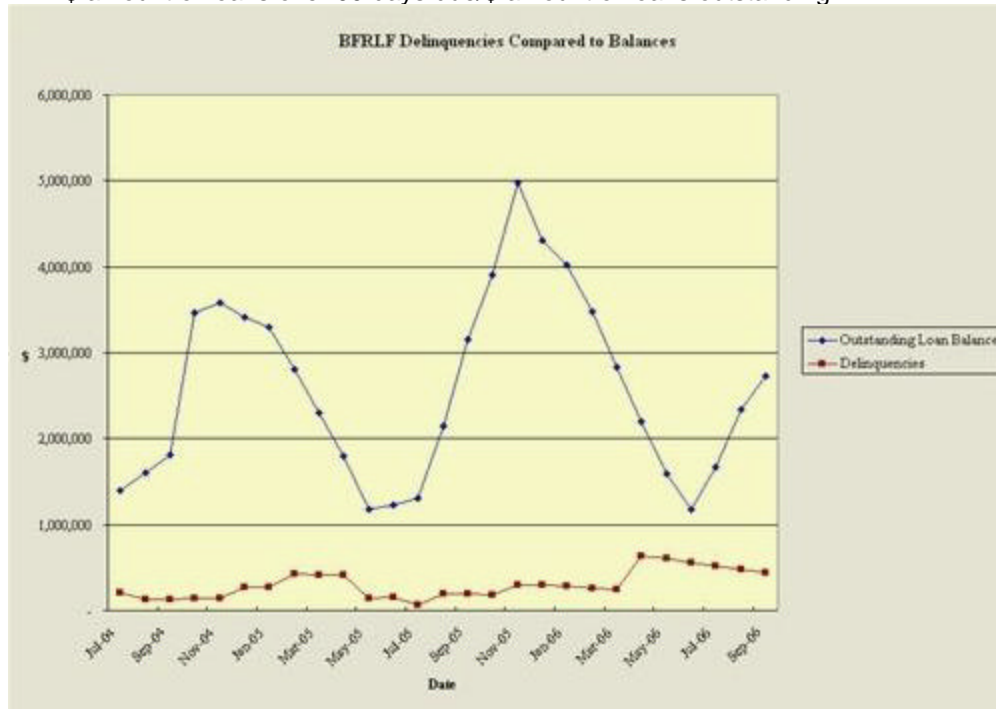
Analysis of results and challenges: Powerhouse upgrade projects replace outdated, inefficient systems with

new electronically controlled generator sets. New powerhouses contain generators of several different sizes. This allows the operator to employ the most efficient generator at various power demand levels throughout the day. At peak demand times the largest generator provides the power, while at low-demand times the smallest generator provides the power. Approximately 60 communities require powerhouse upgrades.

A3: Strategy - Manage the Bulk Fuel Revolving Loan Fund to maximize the amount available to eligible communities

Target #1: 5% or less delinquency rate (over 90 days)

Measure #1: \$ amount of loans over 90 days due/\$ amount of loans outstanding



Analysis of results and challenges: Bulk fuel purchases reduce a community's cost of energy. As of 9/30/06, \$440,775 of outstanding loan balance of \$2,728,893 is over 90 days delinquent for a 16.15% delinquency rate. 7 loans out of a total of 31 outstanding loans are delinquent. Bulk fuel loans are short-term loans and as the graph illustrates, the outstanding loan balance fluctuates dramatically throughout the year.

A4: Strategy - Train rural residents to manage and operate rural energy infrastructure and programs

Target #1: 100 rural residents trained annually to manage and operate rural energy infrastructure and programs

Measure #1: Number of rural residents trained annually

Fiscal Year	YTD Total
FY 2003	69
FY 2004	106
FY 2005	112
FY 2006	111

Analysis of results and challenges: Training local residents to manage and operate rural energy infrastructure reduces the unit cost of energy by providing rural residents the skills to produce and submit PCE reports and operate and maintain energy infrastructure. PCE reports must be submitted to receive PCE payments and

proper maintenance of facilities helps ensure that the facilities continue to operate in the most efficient manner. Properly maintaining a facility extends the operational life of the facility.

RDU/Component: Alaska Seafood Marketing Institute*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Increase the economic value of Alaska seafood resources.

Core Services

- U.S. and International Retail Alaska Seafood Promotion
- U.S. and International Foodservice Alaska Seafood Promotion
- Seafood Quality Technical Support
- Public Relations and Communications

End Results	Strategies to Achieve Results
<p>A: Increase the value of Alaska seafood resources</p> <p><u>Target #1:</u> Increase by 3% annually the ex-vessel value of key commercial species in Alaska's commercial harvest.</p> <p><u>Measure #1:</u> Compare the latest ex-vessel value with previous years' ex-vessel value of key commercial species using ADF&G and NMFS data.</p> <p><u>Target #2:</u> Increase by 3% the ex-vessel value of Alaska's commercial salmon harvest.</p> <p><u>Measure #2:</u> Compare the latest ex-vessel value with previous years' ex-vessel value of Alaska salmon.</p> <p><u>Target #3:</u> Increase by 3% first wholesale value of key Alaska Salmon products.</p> <p><u>Measure #3:</u> Compare with previous years the first wholesale value for key salmon products using the Alaska Department of Revenue Alaska Salmon Price Report.</p> <p><u>Target #4:</u> Increase by 5% the volume and value of Alaska seafood exports to ASMI program destination countries.</p> <p><u>Measure #4:</u> Compare with previous years the aggregate volume and value of Alaska seafood exports, and note the proportion of those products going to countries where ASMI program is active (China, Japan, Europe) as compared with previous year's performance.</p>	<p>A1: In the U.S. and overseas conduct consumer campaigns, retail and foodservice promotions, public/media relations, technical education to increase the value of Alaska seafood resources.</p> <p><u>Target #1:</u> Stable funding to sustain ongoing long-range marketing campaigns in U.S. and key overseas markets.</p> <p><u>Measure #1:</u> Industry match raised through processor-paid marketing assessment; state general fund contribution to ASMI marketing activities; federal funds for ASMI marketing activities.</p> <p><u>Target #2:</u> Conduct consumer advertising campaigns, foodservice and retail marketing programs.</p> <p><u>Measure #2:</u> Consumer surveys relating to Alaska seafood preference; data collection on brand penetration in foodservice sector; product value increases as measured by retail scan data; export figures for Alaska seafood products to countries where ASMI is active.</p> <p><u>Target #3:</u> Successfully leverage larger share of USDA Market Access Program dollars that fund international marketing activities</p> <p><u>Measure #3:</u> USDA Foreign Agricultural Service allocation of award to ASMI, compared to previous years' share of Market Access Program funds</p>

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Conduct consumer campaigns to strengthen demand for wild and natural Alaska Seafood, stimulate sales and increase economic value of Alaska seafood • Execute advertising campaign to boost usage of all key commercial species of Alaska Seafood | <ul style="list-style-type: none"> • Partner with restaurant chains to increase number of restaurants that feature Alaska Seafood as a branded menu item. • Conduct quality assurance education, provide technical support for seafood industry |
|---|---|

Major Activities to Advance Strategies

- Work with broadline foodservice distributors to maximize Alaska Seafood penetration
- Customized promotion methods with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from competition
- Partner with restaurant chains to increase number of restaurants that feature Alaska Seafood as a branded menu item
- Introduce Hispanic consumers in U.S. to health benefits of Alaska Seafood
- Build a customer base in segments that offer best sales opportunities (e.g., colleges and universities, catering, non-commercial foodservice)
- Aid all parts of the Alaska Seafood industry, including large and small processors, regional marketers and harvesters with resources and information
- Provide technical support to the seafood industry
- Communicate with Alaska seafood suppliers, policy makers and the seafood industry about ASMI's long-range marketing plans

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$17,291,700

Personnel:

Full time 18

Part time 0

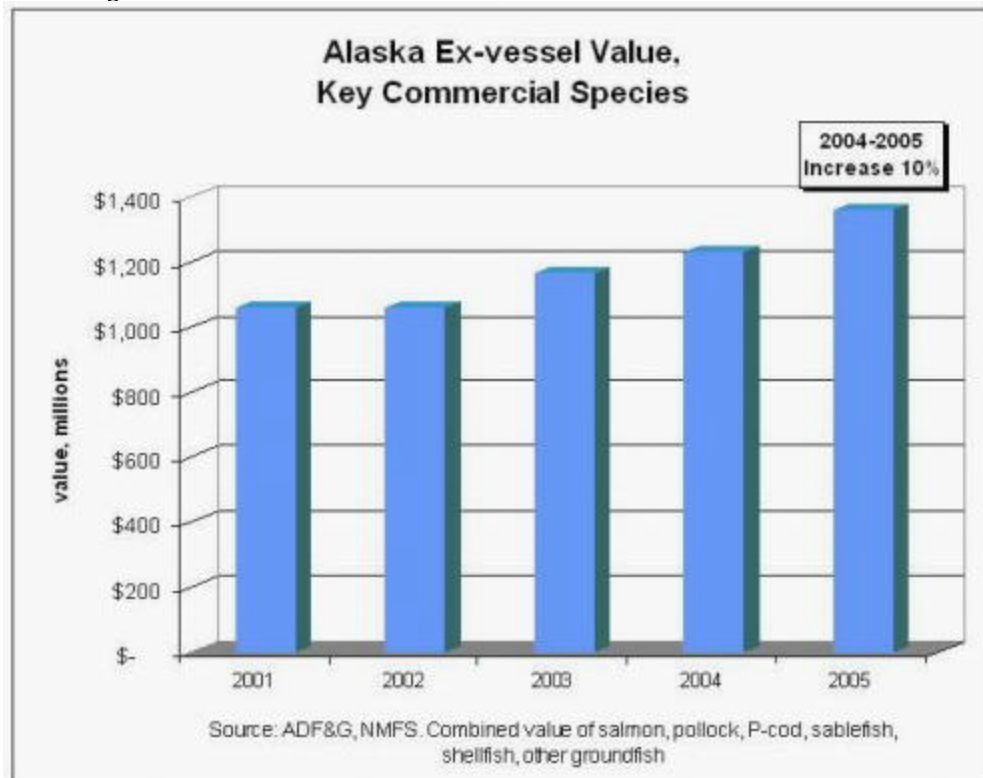
Total 18

Performance Measure Detail

A: Result - Increase the value of Alaska seafood resources

Target #1: Increase by 3% annually the ex-vessel value of key commercial species in Alaska's commercial harvest.

Measure #1: Compare the latest ex-vessel value with previous years' ex-vessel value of key commercial species using ADF&G and NMFS data.



Analysis of results and challenges: Ex-vessel value of key commercial species in Alaska's commercial harvest is increasing, due to significant state and federal investment in marketing and infrastructure. From 2004 to 2005 the increase was 10%. In order to continue the upward value trend continuing support for the marketing effort is essential.

Challenges include:

Price resistance -- Following periods of increase in value for particular species, Alaska producers are encountering price resistance in certain markets.

Seasonality, consistency of supply -- Harvest levels are subject to fluctuation on a seasonal basis and from year to year.

Inelastic supply -- Wild seafood resource supply is limited relative to often subsidized foreign aquaculture production.

Increasing fuel and transportation costs.

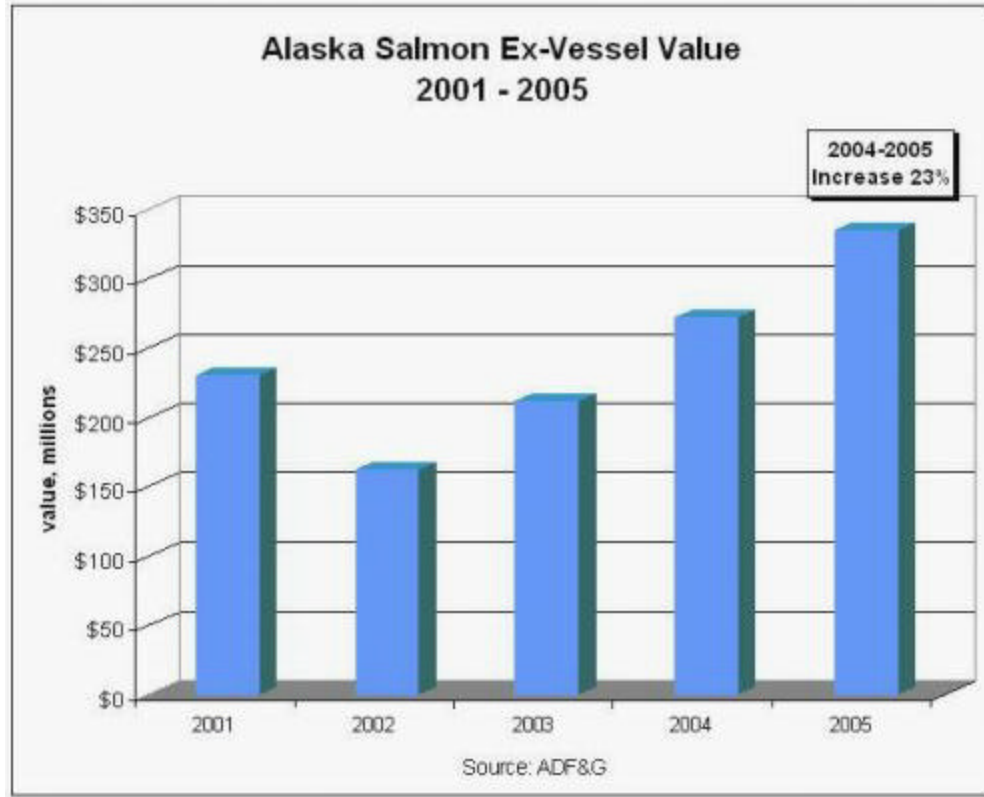
International currency fluctuations, tariffs and trade barriers affecting international trade.

Cheap Russian king crab from Barents Sea flooding the marketplace and driving down prices for Alaska king crab.

Low prices on competing proteins generally (chicken, beef, pork, dairy); well-funded campaigns promoting other proteins.

Target #2: Increase by 3% the ex-vessel value of Alaska's commercial salmon harvest.

Measure #2: Compare the latest ex-vessel value with previous years' ex-vessel value of Alaska salmon.



Analysis of results and challenges: Ex-vessel value of Alaska salmon is increasing, due to significant state and federal investment in marketing and infrastructure. From 2004 to 2005 the increase was 23%. In order to continue the upward value trend continuing support for the marketing effort is essential.

Challenges include:

Price resistance -- As salmon products command higher value, Alaska producers are encountering price resistance in certain markets.

Seasonality, consistency of supply -- Harvest levels are subject to fluctuation on a seasonal basis and from year to year.

Inelastic supply --- Wild seafood resource supply is limited relative to often subsidized foreign aquaculture production.

Increasing fuel and transportation costs.

International currency fluctuations, tariffs and trade barriers affecting international trade.

Low prices on competing proteins generally (chicken, beef, pork, dairy); well-funded campaigns promoting other proteins.

Target #3: Increase by 3% first wholesale value of key Alaska Salmon products.

Measure #3: Compare with previous years the first wholesale value for key salmon products using the Alaska Department of Revenue Alaska Salmon Price Report.



Analysis of results and challenges: First wholesale value of key commercial species in Alaska's commercial harvest is increasing, due to the seafood industry's continued transition to becoming a market-driven food industry and due also to significant state and federal investment in marketing and infrastructure. The increase in value from 2004 to 2005 was 13%. In order to continue the upward value trend continuing support for the marketing effort is essential. The industry is responding to consumer preferences for fillets, boneless and skinless portions, new shelf-stable products, and new value-added products. There has been a significant product form shift in pink salmon processing from canned to frozen.

Challenges include:

Price resistance -- As salmon products command higher value, Alaska producers are encountering price resistance in certain markets.

Seasonality, consistency of supply -- Harvest levels are subject to fluctuation on a seasonal basis and from year to year, factors which, when combined with the attendant price fluctuations make it more difficult to compete with aquacultured products.

Inelastic supply -- Wild seafood resource supply is limited relative to often subsidized foreign farmed salmon production.

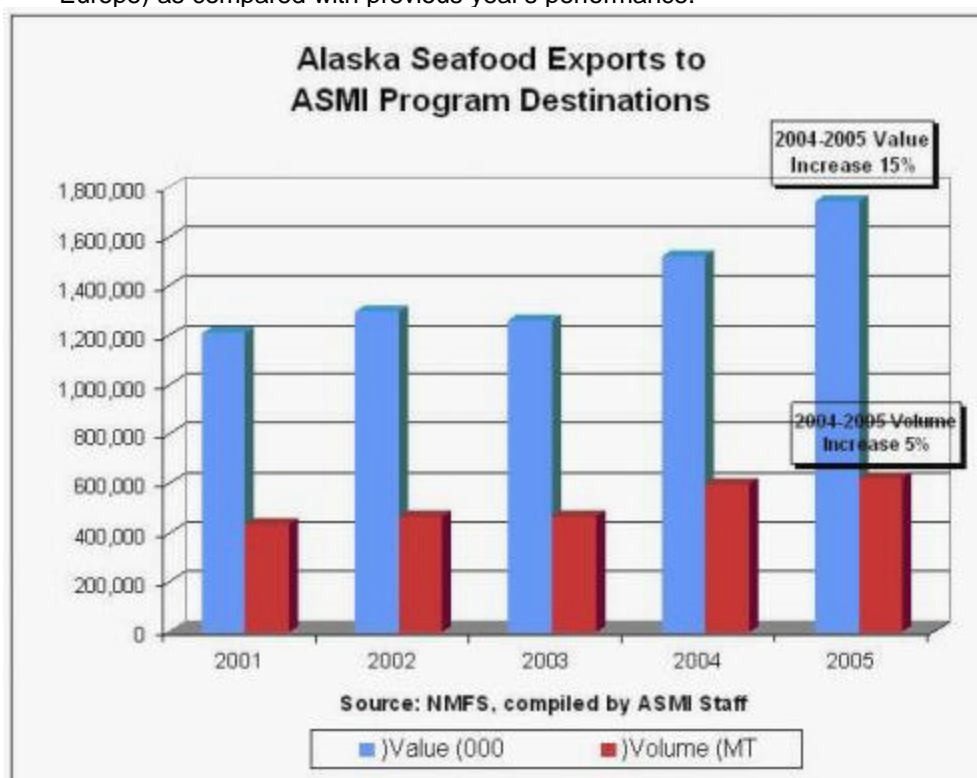
Increasing fuel and transportation costs.

International currency fluctuations and foreign exchange rates, tariffs and trade barriers affecting international trade.

Low prices on competing proteins generally (farmed salmon, chicken, beef, pork, dairy); well-funded campaigns promoting other proteins.

Target #4: Increase by 5% the volume and value of Alaska seafood exports to ASMI program destination countries.

Measure #4: Compare with previous years the aggregate volume and value of Alaska seafood exports, and note the proportion of those products going to countries where ASMI program is active (China, Japan, Europe) as compared with previous year's performance.



Analysis of results and challenges: Exports of Alaska's key commercial seafood species to the countries where ASMI is active are increasing, due in part to the success of Alaska's efforts to differentiate our wild and natural seafood from other products, and develop equity for the Alaska brand. Exports of Alaska seafood to the ASMI program destinations (European Union, Japan, and China) increased 15% by value and 5% by volume from 2004 to 2005. In the context of total exports of Alaska seafood to the world, exports of Alaska seafood to ASMI program destinations accounted for 70% of the total volume of Alaska seafood exports to the entire world, and 74% of the total value. In order to continue the upward value trend continuing support for the marketing effort is essential.

Challenges include:

Price resistance -- Following periods of increase in value for particular species, Alaska producers are encountering price resistance in certain markets.

Seasonality, consistency of supply -- Harvest levels are subject to fluctuation on a seasonal basis and from year to year.

Inelastic supply -- Wild seafood resource supply is limited relative to often subsidized foreign aquaculture production.

Increasing fuel and transportation costs.

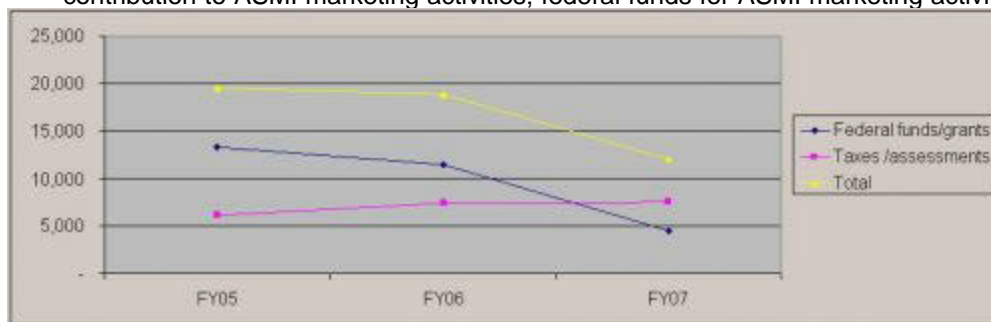
International currency fluctuations, tariffs and trade barriers affecting international trade. For example, value-added Pacific salmon products going to the European Union are subject to a much higher tariff than headed and gutted salmon, the tariff on Pacific halibut is higher than that for Atlantic halibut.

Low prices on competing proteins generally (chicken, beef, pork, dairy); well-funded campaigns promoting other proteins (e.g., campaigns in the European Union and China fielded by the Norwegian Seafood Export Council).

A1: Strategy - In the U.S. and overseas conduct consumer campaigns, retail and foodservice promotions, public/media relations, technical education to increase the value of Alaska seafood resources.

Target #1: Stable funding to sustain ongoing long-range marketing campaigns in U.S. and key overseas markets.

Measure #1: Industry match raised through processor-paid marketing assessment; state general fund contribution to ASMI marketing activities; federal funds for ASMI marketing activities.



Analysis of results and challenges: Over half of funding for the past two years has come from multiple federal sources. Much of this funding source will be reduced or eliminated in FY 08. Creating "pull" and a strong brand in the marketplace requires consistent messaging over time and funding to support this activity. Without a new source of funds the ability to continue on this very successful path will no longer be present.

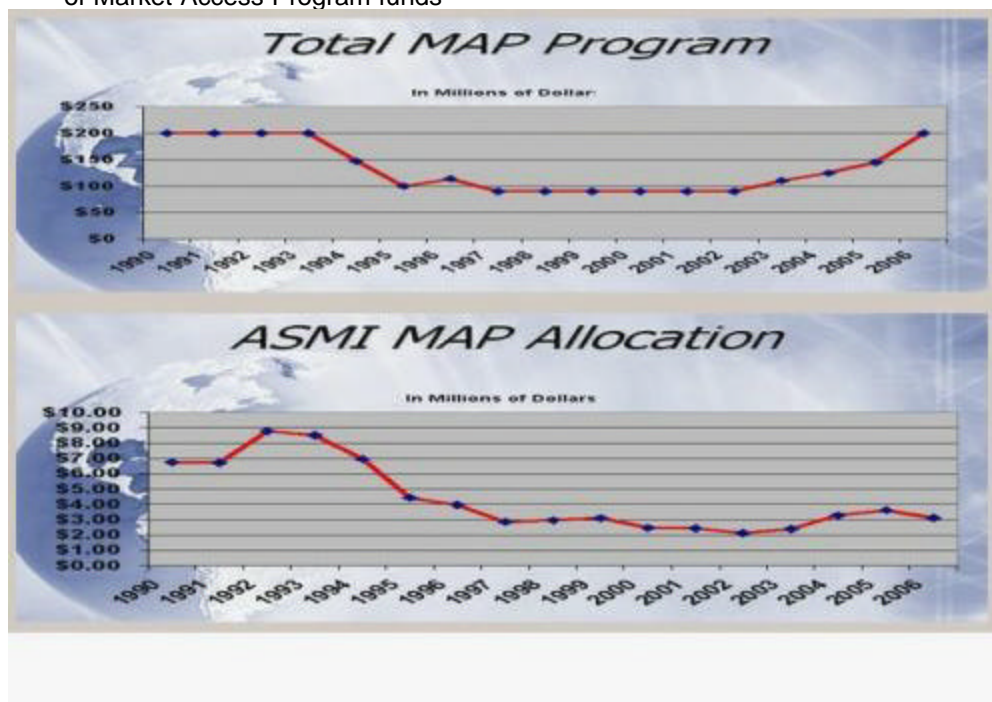
Target #2: Conduct consumer advertising campaigns, foodservice and retail marketing programs.

Measure #2: Consumer surveys relating to Alaska seafood preference; data collection on brand penetration in foodservice sector; product value increases as measured by retail scan data; export figures for Alaska seafood products to countries where ASMI is active.

Analysis of results and challenges: Consumer advertising campaigns and marketing programs have contributed to a strong brand position in the marketplace relative to four years ago, especially for salmon. In order to hold and/or build on the current position, in the U.S. and overseas, a continued effort at current spending levels is necessary. Competition for "center of the plate" protein is fierce and other proteins extremely well funded. Cutting back on ASMI programs now will quickly surrender the ground that has been gained to date.

Target #3: Successfully leverage larger share of USDA Market Access Program dollars that fund international marketing activities

Measure #3: USDA Foreign Agricultural Service allocation of award to ASMI, compared to previous years' share of Market Access Program funds



Analysis of results and challenges: Alaska has been informed by USDA Foreign Agricultural Service to bring a larger proportionate contribution of match money to the table in order to obtain an increased share of the allocation. ASMI has committed to a higher contribution rate for FY 07. Although the total amount of money allocated to MAP has grown in recent years, the amount allocated to Alaska seafood promotion has not reflected a proportionate increase but has remained relatively flat. An additional constraint is that the MAP allocation is subject to annual congressional budget appropriation.

RDU/Component: Banking and Securities*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Protect consumers of financial services and maintain a safe and sound state financial system.

Core Services

1. Register securities and license and examine those who sell and provide advice on securities.
2. Charter and examine state financial institutions.
3. Require accurate disclosure of election materials from Alaska Native Claims Settlement Act corporations (ANCSA).

End Results	Strategies to Achieve Results
<p>A: Protect Alaska investors.</p> <p><u>Target #1:</u> All regulated broker-dealers and investment advisors are in substantial compliance with the Alaska Securities Act.</p> <p><u>Measure #1:</u> Number of enforcement actions and administrative orders taken against regulated firms.</p>	<p>A1: Examine broker-dealers and investment advisors.</p> <p><u>Target #1:</u> 100 percent of broker-dealers and investment advisors are examined within a two-year period.</p> <p><u>Measure #1:</u> Percentage examined within two-year period.</p> <p>A2: Educate broker-dealers and investment advisors.</p> <p><u>Target #1:</u> All examinations will include education on regulatory issues and compliance with the Alaska Securities Act.</p> <p><u>Measure #1:</u> Percentage of examinations that include an educational component.</p> <p>A3: Take enforcement action against unregistered persons and unregistered securities.</p> <p><u>Target #1:</u> Identify unregistered broker-dealers and investment advisors, unregistered securities, and fraudulent offerings</p> <p><u>Measure #1:</u> Number of enforcement actions against unregistered entities.</p> <p>A4: Register securities and those who sell securities.</p> <p><u>Target #1:</u> Register securities offerings that are in compliance.</p> <p><u>Measure #1:</u> Percentage of securities offerings that are registered.</p> <p><u>Target #2:</u> Register sellers of securities that are in compliance.</p> <p><u>Measure #2:</u> Percentage of sellers that are registered.</p> <p><u>Target #3:</u> Process all mutual fund notice filings.</p>

	Measure #3: Number of filings.
End Results	Strategies to Achieve Results
B: Protect Alaska borrowers. <u>Target #1:</u> Ensure all violations cited during examinations of financial institutions are resolved. <u>Measure #1:</u> Number of enforcement actions issued due to unresolved violations.	B1: Take enforcement action against unlicensed financial institutions. <u>Target #1:</u> Identify unlicensed financial institutions. <u>Measure #1:</u> Number of enforcement actions taken against unlicensed financial institutions.
End Results	Strategies to Achieve Results
C: Safe and sound state financial institutions. <u>Target #1:</u> No state banks in receivership. <u>Measure #1:</u> Number of state banks in receivership.	C1: Examine state financial institutions. <u>Target #1:</u> Examine 100 percent of examinations on or before statutory deadlines. <u>Measure #1:</u> Percent of exams completed on time.

Major Activities to Advance Strategies

- Conduct examinations of licensed financial institutions and financial service businesses and take enforcement action against unlicensed entities.
- Investigate complaints against financial institutions and financial services businesses.
- Investigate complaints of misleading ANCSA election materials.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,407,400	Personnel:	
	Full time	18
	Part time	0
	Total	18

Performance Measure Detail

A: Result - Protect Alaska investors.

Target #1: All regulated broker-dealers and investment advisors are in substantial compliance with the Alaska Securities Act.

Measure #1: Number of enforcement actions and administrative orders taken against regulated firms.

Number of enforcement actions/administrative orders against regulated firms

Fiscal Year	YTD Total
FY 2005	1
FY 2006	2

Analysis of results and challenges: Of the 1,325 registered broker dealers, and the 27 registered state investment advisors, only two enforcement actions were taken, demonstrating substantial compliance with the Alaska Securities Act.

A1: Strategy - Examine broker-dealers and investment advisors.

Target #1: 100 percent of broker-dealers and investment advisors are examined within a two-year period.

Measure #1: Percentage examined within two-year period.

Percent of examinations conducted over a two-year period.

Fiscal Year	YTD Total
FY 2005	32%
FY 2006	20%

Analysis of results and challenges: For the two-year period FY05-FY06, a total of 52 percent of all broker-dealers and investment advisors domiciled in the state of Alaska were examined. In FY06, 50 percent of state investment advisors were examined. The division did not meet its goal of 100% due to a shortage in staffing.

A2: Strategy - Educate broker-dealers and investment advisors.

Target #1: All examinations will include education on regulatory issues and compliance with the Alaska Securities Act.

Measure #1: Percentage of examinations that include an educational component.

Percent of examinations that include an educational component.

Fiscal Year	YTD Total
FY 2005	100%
FY 2006	100%

Analysis of results and challenges: All examinations conducted included an educational component.

A3: Strategy - Take enforcement action against unregistered persons and unregistered securities.

Target #1: Identify unregistered broker-dealers and investment advisors, unregistered securities, and fraudulent offerings

Measure #1: Number of enforcement actions against unregistered entities.

Number of enforcement actions taken.

Fiscal Year	YTD Total
FY 2005	5
FY 2006	2

Analysis of results and challenges: 2 unregistered entities were identified and enforcement action was taken in each instance.

A4: Strategy - Register securities and those who sell securities.

Target #1: Register securities offerings that are in compliance.

Measure #1: Percentage of securities offerings that are registered.

Percent of securities offerings registered.

Fiscal Year	YTD Total
FY 2005	85%
FY 2006	96%

Analysis of results and challenges: Of the 46 applications received to register securities offerings, 44 were found compliant and were registered, and two were in process.

Target #2: Register sellers of securities that are in compliance.

Measure #2: Percentage of sellers that are registered.

Percent of sellers registered.

Fiscal Year	YTD Total
FY 2005	98%
FY 2006	99%

Analysis of results and challenges: Of the 1,561 applications received, 1,540 sellers were found compliant and were registered; 21 sellers were not compliant and were denied registration.

Target #3: Process all mutual fund notice filings.

Measure #3: Number of filings.

Mutual fund filings.

Fiscal Year	YTD Total
FY 2005	4,870
FY 2006	5,160

Analysis of results and challenges: The number of filings increased a modest 6 percent from FY 2005 to FY 2006; providing additional choices to Alaskan investors.

B: Result - Protect Alaska borrowers.

Target #1: Ensure all violations cited during examinations of financial institutions are resolved.

Measure #1: Number of enforcement actions issued due to unresolved violations.

Enforcement actions.

Fiscal Year	YTD Total
FY 2005	0
FY 2006	0

Analysis of results and challenges: No enforcement actions were issued, demonstrating regulated financial institutions are generally willing to resolve any identified violations.

B1: Strategy - Take enforcement action against unlicensed financial institutions.

Target #1: Identify unlicensed financial institutions.

Measure #1: Number of enforcement actions taken against unlicensed financial institutions.

Number of unlicensed financial institutions

Fiscal Year	YTD Total
FY 2005	2
FY 2006	3

Analysis of results and challenges: Three unlicensed financial institutions were identified and enforcement action was taken in each instance.

C: Result - Safe and sound state financial institutions.

Target #1: No state banks in receivership.

Measure #1: Number of state banks in receivership.

State banks in receivership.

Fiscal Year	YTD Total
FY 2005	0
FY 2006	0

Analysis of results and challenges: No state banks are in receivership, an indicator of safe and sound state financial institutions.

C1: Strategy - Examine state financial institutions.

Target #1: Examine 100 percent of examinations on or before statutory deadlines.

Measure #1: Percent of exams completed on time.

Exams completed on time.

Fiscal Year	YTD Total
FY 2005	60%
FY 2006	96%

Analysis of results and challenges: Out of twenty-four examinations due for FY 2006, the division completed twenty examinations on-site and three examinations off-site. One examination, an out of state entity, is past due, and will be completed in FY 2007.

RDU/Component: Community Development Quota Program*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Develop annual reports, regulations and investigate fraud.

Core Services

Review annual reports submitted by CDQ groups and act to prevent fraud.

End Results	Strategies to Achieve Results
A: Review annual reports submitted by CDQ groups and act to prevent fraud. <u>Target #1:</u> All groups are in compliance with program requirements. <u>Measure #1:</u> Percentage of groups in compliance.	A1: Verify compliance with program requirements. <u>Target #1:</u> Ensure CDQ groups make no more than 20% annual investment in in-region non-fisherires related investment per new federal law. <u>Measure #1:</u> Review audited financial statements to ensure non-fisheries investments do not exceed 20% of annual investments.

Major Activities to Advance Strategies

- Determine harvest amounts of fish to allocate to community development groups in the Bering Sea and the Aleutian Islands.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$377,400	Personnel:	
	Full time	2
	Part time	0
	Total	2

Performance Measure Detail**A: Result - Review annual reports submitted by CDQ groups and act to prevent fraud.****Target #1:**All groups are in compliance with program requirements.**Measure #1:** Percentage of groups in compliance.

Year	YTD Total
2005	0
2006	0
	0%

Analysis of results and challenges: In order to comply with new federal law (P.L. 109-241), the legislature must pass a new statue to allow the the Division of Banking and Securities to reuire annual reports from the

CDQ groups and to prevent fraud

A1: Strategy - Verify compliance with program requirements.

Target #1: Ensure CDQ groups make no more than 20% annual investment in in-region non-fisheries related investment per new federal law.

Measure #1: Review audited financial statements to ensure non-fisheries investments do not exceed 20% of annual investments.

Percentage of investments Reviewed

Fiscal Year	Quarter 3	YTD Total
FY 2006	0	0

Analysis of results and challenges: This is a new measurement. Due to the newly passed coast guard bill in 2006, the data will be available in 2007

RDU/Component: Insurance Operations*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

To assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Core Services

- Licensing
- Compliance
- Filing Approval
- Public Information

End Results	Strategies to Achieve Results
<p>A: Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent</p> <p><u>Target #1:</u> No domestic insurance company becomes insolvent</p> <p><u>Measure #1:</u> Number of insolvent insurers</p> <p><u>Target #2:</u> 75% of investigations approved by the Director are completed within one year.</p> <p><u>Measure #2:</u> Percentage completed within one year.</p>	<p>A1: Timely financial examinations of domestic insurers</p> <p><u>Target #1:</u> 100% of financial examinations of domestic insurance companies are done every three years</p> <p><u>Measure #1:</u> Percentage completed every three years</p> <p>A2: Efficient licensing of both insurers and persons transacting insurance business</p> <p><u>Target #1:</u> Producer applications processed within 10 days</p> <p><u>Measure #1:</u> Average number of days for processing</p> <p><u>Target #2:</u> 80% of insurance company applications issued within 60 days</p> <p><u>Measure #2:</u> Percentage of applications issued within 60 days</p> <p><u>Target #3:</u> Surplus lines applications are approved or denied within 90 days of receipt of a complete application.</p> <p><u>Measure #3:</u> Percentage completed within 90 days</p> <p>A3: Thorough review of alleged violations of Alaska statutes</p> <p><u>Target #1:</u> 100% of alleged violations of Alaska statutes undergo an initial case review, and receive a recommendation whether or not to present to the Director for approval to investigate.</p> <p><u>Measure #1:</u> Percentage of case assessments and investigations performed</p> <p>A4: Market conduct examinations are used to assess market practices</p>

	<p><u>Target #1:</u> Perform market conduct examinations and market analysis to resolve compliance and market access issues.</p> <p><u>Measure #1:</u> Number of compliance issues that are resolved through market conduct examinations and market analysis.</p> <p>A5: Enhancement of capacity to receive electronic filings</p> <p><u>Target #1:</u> Reduce time needed to process electronic filings</p> <p><u>Measure #1:</u> Percentage reduction in time needed to process electronic filings</p> <p>A6: Develop an insurance company self-certification program that rate and policy form filings comply with Alaska laws and regulations</p> <p><u>Target #1:</u> Develop state specific filing checklists for self-certification of all product lines</p> <p><u>Measure #1:</u> Percentage of companies making filings accompanied by self-certification forms</p>
End Results	Strategies to Achieve Results
<p>B: Competitive, up-to-date insurance products are available to Alaskan consumers</p> <p><u>Target #1:</u> No more than 65% of the Property and Casualty market is shared by the top 5 insurers</p> <p><u>Measure #1:</u> Percentage of market share - top 5 Property and Casualty insurers</p> <p><u>Target #2:</u> 80% of rate and policy form filing approvals completed within 30 days</p> <p><u>Measure #2:</u> Percentage approved within 30 days</p>	<p>B1: Alaskan consumers are aware and knowledgeable about insurance</p> <p><u>Target #1:</u> 80% of consumer guides updated within one year of previous version</p> <p><u>Measure #1:</u> Percentage of consumer guides updated within one year</p> <p>B2: Conduct public outreach programs to provide educational assistance in understanding insurance products and processes. The Division also updated its Alaska Insurance Consumer Guide, which is now available to people across the state.</p> <p><u>Target #1:</u> 6 outreach programs conducted annually</p> <p><u>Measure #1:</u> Number of programs conducted annually</p>

Major Activities to Advance Strategies

- | | |
|--|--|
| <ul style="list-style-type: none"> • Implement an imaging process • Create a committee to streamline forms and fee structures • Review and revise company licensing instructions on forms and website for clarity, completeness and add "Frequently Asked Questions" • Quarterly meetings with Attorney General staff to review current licensing actions/issues • Implement payment process for credit card payments or Electronic Fund Transfer • Implement an electronic filing process for nonresident applications and renewals | <ul style="list-style-type: none"> • Develop a guide for insurers with Alaska specific information • Staff participation in National Association of Insurance Commissioners meetings, seminars and other related training • Visit insurers to present favorable market conditions and statistics • Participate in the National Association of Insurance Commissioners "market analysis" project to modernize our approach to market oversight • Require companies to use filing checklists • Implement a process for desk audits or on-site audits |
|--|--|

Major Activities to Advance Strategies

- Implement an electronic program filing process for continuing education
- Implement an electronic process that will automatically search for adverse administrative actions taken against persons by other states prior to issuance and renewal of licenses
- Implement early planning sessions for both financial and market conduct examinations
- Perform examinations both as desk audits and on-site audits to confirm compliance
- Implement an integrated complaint and investigation tracking system
- Training for investigator unit with various law enforcement agencies
- Fund an assistant Attorney General with the criminal division to work with the Division of Insurance
- Perform onsite/desk audits of insurers and surplus lines brokers for premium tax and fee payments
- plus lines insurers by review of annual statements for factors outside the norm
- to improve filing quality
- Increase access to the National Association of Insurance Commissioners data base for ability to utilize the national tools available
- Investigate a new connection to the System for Electronic Rate and Form Filing to allow filings analysts to efficiently process filings
- Perform assessment of a Surplus Lines Association through a cost/benefit analysis
- Develop a frequently asked questions format for publication on the web site and paper distribution
- Prepare Division annual report
- Prepare updates to the various consumer guides
- Visit consumer groups to do informational meetings on topics of current interest
- Develop a public information officer to provide consistent information to the public and oversee division website
- Update the public request for information process to provide efficient responses and to provide documentation of compliance with deadlines

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$6,571,400

Personnel:

Full time	53
Part time	0
Total	53

Performance Measure Detail

A: Result - Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent

Target #1: No domestic insurance company becomes insolvent

Measure #1: Number of insolvent insurers

Number of insolvent insurers.

Year	YTD Total
2003	0
2004	0 0%
2005	0 0%
2006	0 0%

Target #2: 75% of investigations approved by the Director are completed within one year.

Measure #2: Percentage completed within one year.

Percentage of investigations completed.

Year	YTD Total
2003	87
2004	85 -2.30%
2005	79 -7.06%

This information is based upon an annual, rather than FY calendar. Complete information for 2006 is not yet available.

Analysis of results and challenges: Note that the number and complexity of investigations varies from year to year. Consequently, the percentage of completed investigations will vary.

A1: Strategy - Timely financial examinations of domestic insurers

Target #1: 100% of financial examinations of domestic insurance companies are done every three years

Measure #1: Percentage completed every three years

Percent of completed financial examinations done every three years.

Year	YTD Total
2003	100%
2004	100%
2005	100%
2006	100%

A2: Strategy - Efficient licensing of both insurers and persons transacting insurance business

Target #1: Producer applications processed within 10 days

Measure #1: Average number of days for processing

Percentage processed

Year	YTD Total
2003	15
2004	15 0%
2005	11 -26.67%
2006	5 -54.55%

Analysis of results and challenges: The Division has increased its efficiency in this category. Time to process applications has decreased by over 50%.

Electronic processing has helped to increase our efficiency and meet our needs.

Target #2: 80% of insurance company applications issued within 60 days

Measure #2: Percentage of applications issued within 60 days

Percent issued within 60 days

Year	YTD Total
2003	56
2004	74 +32.14%
2005	77 +4.05%
2006	75 -2.60%

Analysis of results and challenges: The Division is steadily increasing the number of applications issued within 60 days of filing, though below the goal of 80%. It is anticipated that electronic filing will bring the Division closer to meeting that goal, or will enable the Division to reach it.

Target #3: Surplus lines applications are approved or denied within 90 days of receipt of a complete application.

Measure #3: Percentage completed within 90 days

Percentage completed in 90 days

Year	YTD Total
2003	86
2004	75 -12.79%
2005	82 +9.33%
2006	88 +7.32%

A3: Strategy - Thorough review of alleged violations of Alaska statutes

Target #1: 100% of alleged violations of Alaska statutes undergo an initial case review, and receive a recommendation whether or not to present to the Director for approval to investigate.

Measure #1: Percentage of case assessments and investigations performed

Percentage of case assessments

Year	YTD Total
2005	81

Analysis of results and challenges: Not all allegations of violations warrant a written analysis. However, every allegation of wrongdoing that the Division receives undergoes a formal or informal analysis. Note that in May of 2005, the Division began conducting an informal analysis to determine whether or not to open up a formal investigation. Consequently, there are no figures for prior to 2005. Note also that these numbers are based upon an annual, rather than FY calendar.

A4: Strategy - Market conduct examinations are used to assess market practices

Target #1: Perform market conduct examinations and market analysis to resolve compliance and market access issues.

Measure #1: Number of compliance issues that are resolved through market conduct examinations and market analysis.

Number of compliance issues resolved

Year	YTD Total
2003	0
2004	3 0%
2005	10 +233.33%
2006	12 +20.00%

A5: Strategy - Enhancement of capacity to receive electronic filings

Target #1: Reduce time needed to process electronic filings

Measure #1: Percentage reduction in time needed to process electronic filings

Reduction in Time Needed to Produce Insurance Filings

Fiscal Year	YTD Total
FY 2006	30%

Analysis of results and challenges: To improve the time to process electronic filings, a VPN was installed to connect to the electronic filings server. Although not consistent in performance, the VPN has improved the time needed to navigate in the electronic environment. When working well, transactions that formerly might have taken 15-20 seconds can now be done in 5-10 seconds. There are times that it still can take up to 30 seconds, and sometimes up to 3 minutes or more, to navigate around the electronic filing.

A6: Strategy - Develop an insurance company self-certification program that rate and policy form filings comply with Alaska laws and regulations

Target #1: Develop state specific filing checklists for self-certification of all product lines

Measure #1: Percentage of companies making filings accompanied by self-certification forms

Percentage of companies making filings accompanied by self-certification forms

Year	YTD Total
2006	15%

Analysis of results and challenges: Effective November 2, 2005 the statute was revised to change the process for reviewing insurance product filings by requiring insurers to use a self-certification if they file under the new expedited file and use review process. Prior to this statute insurers making property/casualty filings could elect to attach a self-certification, however few insurers (about 1%) took advantage of this optional program. Under the optional program, we received about 2 self-certification filings per month. Since the self-certification was enacted in statute, the self-certification became available to both property/casualty and life/health insurers and the number of filings made under the self-certification file and use review process averaged about 30 filings per month.

B: Result - Competitive, up-to-date insurance products are available to Alaskan consumers

Target #1:No more than 65% of the Property and Casualty market is shared by the top 5 insurers

Measure #1: Percentage of market share - top 5 Property and Casualty insurers

Percentage of Property and Casualty market share: top 5 insurers:

Fiscal Year	YTD Total
FY 2003	37.7
FY 2004	37.8
FY 2005	37.6

Analysis of results and challenges: Data for FY 2006 is not yet available, due to the time frames involved in reporting and analyzing the data. However, based upon the data for FYs 2003-2005, it appears that there is no undue concentration in the Property and Casualty markets.

Target #2:80% of rate and policy form filing approvals completed within 30 days

Measure #2: Percentage approved within 30 days

Percentage of approvals within 30 days

Year	YTD Total
2003	53
2004	59 +11.32%
2005	68 +15.25%
2006	60 -11.76%

Analysis of results and challenges: The Division continues to work on meeting this goal. The filing review statute change that became effective on November 2, 2005 has helped speed up the review process. However, due to significant staff turnover, the turn around time has increased due to training of the new analysts. As they become more experienced the review time should continue to decrease.

B1: Strategy - Alaskan consumers are aware and knowledgeable about insurance

Target #1:80% of consumer guides updated within one year of previous version

Measure #1: Percentage of consumer guides updated within one year

Percentage of consumer guides updated

Year	YTD Total
2003	80
2004	80
2005	80
2006	80

Analysis of results and challenges: We continuously update our consumer guides. In addition, we updated the entire Alaska Insurance Consumer Guide in 2006. We printed 5,000 copies, which are being distributed to the public.

B2: Strategy - Conduct public outreach programs to provide educational assistance in understanding insurance products and processes. The Division also updated its Alaska Insurance Consumer Guide, which is now available to people across the state.

Target #1: 6 outreach programs conducted annually

Measure #1: Number of programs conducted annually

Number of programs conducted

Year	YTD Total
2003	0
2004	6
2005	6
2006	9

Analysis of results and challenges: The Director and Deputy Director speak to numerous stakeholder groups throughout the year.

RDU/Component: Corporations, Business and Professional Licensing*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Ensure that competent professional and commercial services are available to Alaska consumers.

Core Services

- Administer 20 licensing programs through support to Boards or Commissions; administer 19 programs solely through the division (without oversight of a board or commission).
- License businesses to engage in commerce in Alaska, and grant tobacco endorsements to businesses for sale of tobacco related products.
- Register Corporations engaged in commerce in Alaska.

End Results	Strategies to Achieve Results
A: Protect the public from unethical and incompetent providers of services. <u>Target #1:</u> Investigate all customer complaints that have a potential for licensing violations. <u>Measure #1:</u> Number of cases opened during the fiscal year. <u>Target #2:</u> By the end of FY 08, 100% of programs will provide more descriptive disciplinary information available to the public immediately upon inquiry. <u>Measure #2:</u> Number of programs with access to disciplinary information online.	A1: Establish procedures to help qualified individuals meet licensing requirements. <u>Target #1:</u> Review regulations to stay current with industry needs and standards. <u>Measure #1:</u> Number of regulation projects initiated. A2: Responsiveness to consumer complaints. <u>Target #1:</u> Increase number of investigations closed over prior year. <u>Measure #1:</u> Number of investigations that are settled (either through closure or enter litigation.)
End Results	Strategies to Achieve Results
B: Ensure professional and commercial services are available to the public. <u>Target #1:</u> Ensure availability of practitioners and businesses qualified to provide services. <u>Measure #1:</u> Number of current licensees each year.	B1: Online accessibility of information. <u>Target #1:</u> Provide online services for licensee convenience. <u>Measure #1:</u> Number of programs that provide online capabilities.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Perform the following functions for over 130 occupations within the 38 programs: • Distribute application forms for initial licensure and renewal by mail and Internet • Respond to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws • Review applications to determine if qualifications have been met 	<ul style="list-style-type: none"> • Represent the state in appeals of license denials, lawsuits and appeals of disciplinary actions • Provide public lists of licensees on CD-ROM, paper, and through Internet search of the computer databases. • Distribute application forms for initial licensure and renewal by mail and Internet • Review applications for completeness and legal sufficiency

Major Activities to Advance Strategies

- Determine whether applicants are in arrears on child support or student loan repayment
- Verify Alaska licenses for the licensing agencies of other states
- Write and/or administer professional examinations
- Investigate complaints of incompetent or illegal activity by professionals
- Prepare formal accusations against licensees when investigations reveal evidence of violations of licensing laws
- Present the legal case against licensees charged with violations
- Negotiate settlements with licensees whom the division believes violated the law
- Report disciplinary actions taken against Alaska licensees to national databanks
- Organize and staff licensing board/commission meetings
- Assist licensing boards in writing regulations
- Classify businesses according to their activities
- Issue licenses at service counters in Juneau and Anchorage
- Issue and renews licenses via the Internet
- Research the licensing history of Alaska businesses
- Bring unlicensed businesses into voluntary compliance with the law
- Suspend tobacco sales endorsements of businesses convicted of selling tobacco to minors
- Assist tobacco enforcement officers by recording tobacco endorsement actions in the database and making the data available via the internet
- Provide public lists of licensed businesses on CD-ROM and through Internet search of the computer database.
- Provide registration of Corporate entities via the web.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$10,489,200

Personnel:

Full time	82
Part time	0
Total	82

Performance Measure Detail

A: Result - Protect the public from unethical and incompetent providers of services.

Target #1: Investigate all customer complaints that have a potential for licensing violations.

Measure #1: Number of cases opened during the fiscal year.

Cases Opened During the Fiscal Year

Fiscal Year	YTD
FY 2000	499
FY 2001	626
FY 2002	626
FY 2003	614
FY 2004	557
FY 2005	652
FY 2006	786

Analysis of results and challenges: The increased number of consumer complaints over recent years are reflective of providing greater accessibility to the public and with ease, such as the ability to file a complaint online. It represents public awareness of where to address their concerns; streamlining of internal procedures to address complaints more expediently; the ability to assist the investigative process through the use of panel/peer review committees; and working with Boards to take a more aggressive role in addressing consumer

complaints. The number of Open Cases are only those complaints that were investigated. It does not represent all complaints received from consumers. Some complaints are closed simply by referring them to appropriate agencies or individuals; closed for the lack of statutory or regulatory authority; or closed because the potential of a violation simply does not measure up to the more serious complaints and allegations. The Division's desire is to address all consumer complaints expediently. Manpower, old technology, and some statutory or regulatory limitations have contributed to the challenges of addressing all complaints. The significant number of open cases are reflective of current efforts and management efficiencies to prioritize complaints by health and safety issues, age, etc.

Target #2: By the end of FY 08, 100% of programs will provide more descriptive disciplinary information available to the public immediately upon inquiry.

Measure #2: Number of programs with access to disciplinary information online.

Number of programs with disciplinary information accessible online.

Fiscal Year	YTD	Percentage
FY 2004	1	2.7%
FY 2005	1	2.7%
FY 2006	1	2.7%

Analysis of results and challenges: Licensing programs online currently indicate if disciplinary action was taken against a licensee, however, no details of the action are provided with the exception of one program area. As more information becomes easily accessible via the Internet, public demand for details have become greater. The practice of simply identifying whether a license is on probation, suspended, limited, or revoked is no longer acceptable. The public is demanding more details, or to answer the question "Why?" This information becomes necessary to make an informed decision on the choice of safe, competent providers of services.

Disciplinary information for 22 programs are currently reported to national disciplinary databanks however, at present there is no public accessibility to those databases except for the one licensing program (medical).

The goal is to expand information availability through the licensing databases for all programs. This task is a slow process because it entails programming revisions to the current licensing databases, and the availability of in-house programming resources that compete with other automation needs. Options to purchase new disciplinary reporting software are being explored. A decision will then be made whether in-house programming resources will be used to expand upon disciplinary reporting, or whether reporting software should be purchased.

A1: Strategy - Establish procedures to help qualified individuals meet licensing requirements.

Target #1: Review regulations to stay current with industry needs and standards.

Measure #1: Number of regulation projects initiated.

Regulation Projects

Fiscal Year	YTD Total
FY 2005	20
FY 2006	36

Analysis of results and challenges: The division and licensing boards have a responsibility to ensure services are provided by competent, qualified licensees and to ensure regulations are in place to direct safe and competent practices by licensees. As new licensing programs are created; as changes (education, national trends, scope of practice, etc.) develop in an industry; and as safety issues arise, regulation projects are developed to address the need and provide guidance to licensees and the industry. The increase in regulation projects represent the myriad of issues concerning changes in the industries, and ensures that safety issues are being addressed.

A2: Strategy - Responsiveness to consumer complaints.

Target #1: Increase number of investigations closed over prior year.

Measure #1: Number of investigations that are settled (either through closure or enter litigation.)

Closed Investigations During the Fiscal Year

Fiscal Year	YTD Total
FY 2000	499
FY 2001	409
FY 2002	550
FY 2003	688
FY 2004	584
FY 2005	707
FY 2006	823

Analysis of results and challenges: The Investigations caseload varies from year to year depending on the number of consumer complaints received that involve possible licensing statute and regulation violations. The number of cases that are settled through closure or through litigation are reflective of investigation resources, complexity of cases, and streamlining of investigation procedures. The numbers indicate the State is being responsive to the general public by responding to consumer complaints and ensuring concerns are being addressed by the division and/or the regulatory boards.

B: Result - Ensure professional and commercial services are available to the public.

Target #1: Ensure availability of practitioners and businesses qualified to provide services.

Measure #1: Number of current licensees each year.

Current Licensees by Fiscal year

Fiscal Year	YTD Total
FY 2000	112,053
FY 2001	114,169
FY 2002	114,755
FY 2003	118,595
FY 2004	115,698
FY 2005	116,009
FY 2006	116,933

Analysis of results and challenges: Alaska benefits by increasing its number of competent, qualified practitioners; however, it is not always easy to attract practitioners to the State. The agency and licensing boards encourages new practitioners and businesses through simplifying its licensing process, while maintaining a high level of ethical practice standards required of its licensees. The numbers of licensees represent current professional and business licenses in the corresponding fiscal year. When the number of licensees increase, more services are available to Alaskan consumers.

B1: Strategy - Online accessibility of information.

Target #1: Provide online services for licensee convenience.

Measure #1: Number of programs that provide online capabilities.

Programs with Online Capabilities

Fiscal Year	YTD Total
FY 2000	0
FY 2001	1
FY 2002	3
FY 2003	4
FY 2004	4
FY 2005	6
FY 2006	6

Analysis of results and challenges: FY 2001: Business Licensing provided new licenses and renewals online.

FY 2002: Architects, Engineers and Land Surveyors; and Real Estate license renewals were added.

FY 2003: Nursing (RN) license renewals were added.

FY 2004: No new programs added.

FY 2005: Nursing (LPN) and Medical were added. (Note: Nursing is one program although categories were added during different fiscal years.)

RDU/Component: Regulatory Commission of Alaska*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Protect consumer interests and promote economic development by ensuring affordable, reliable utility and pipeline services and ensuring that the utility and pipeline infrastructure supports community needs.

Core Services

- Decide all nature of disputes between individual regulated entities, regulated entities and their consumers or shippers and regulated entities and the Attorney General representing the Public Interest.
- Implement federal legislation related to the transition to competitive telecommunication markets in Alaska and federal mandates regarding energy issues.
- Monitor competitive markets in telecommunications and Alaska natural gas.
- Participate in federal legislation affecting Alaska's regulated industries and in the development of federal regulations affecting Alaska's telecommunications issues via the Federal Communications Commission (FCC) and energy issues via the Federal Energy Regulations Commission (FERC).
- Maintain a cooperative and mutually respectful working relationship with FERC to continue the tradition which allows the RCA to be the only state commission in the United States to hold concurrent hearings with the FERC regarding certain TAPS matters.
- Promulgate Alaskan regulations which provide clarity, direction and improve the regulation of public utilities and common carrier pipelines in Alaska.
- Participate in national forums for energy and telecommunications to ensure that national policy making efforts take into consideration Alaska's unique infrastructure and geographic conditions.
- Certificate Common Carrier Pipelines and Public Utilities, including provisional certification of very small water/sewer utilities.
- Provide Alaska's consumers with a non judgmental resource for resolve complaints about Utility service and billing practices.
- Administer the Power Cost Equalization Program.

End Results	Strategies to Achieve Results
<p>A: Timely decisions</p> <p>If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law.</p> <p><u>Target #1:</u> Final decisions of the RCA issued within existing statutory deadlines.</p> <p><u>Measure #1:</u> Number of filings going into effect by force of law during the fiscal year.</p>	<p>A1: Immediately assign staff resources to a docket within 15 business days after the case is filed with us.</p> <p><u>Target #1:</u> Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum:</p> <p>A. The statutory or regulatory timeline</p> <p>B. The Commission Panel Assigned</p> <p>C. The Administrative Law Judge Assigned</p> <p><u>Measure #1:</u> Percent of initiating orders issued on matters filed with the commission within 15 days.</p>

	<p>A2: Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudicate the decision.</p> <p><u>Target #1:</u> In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:</p> <p>A. 6 month statutory/regulatory timeline – 4th month B. 9 month</p> <p><u>Measure #1:</u> Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.</p> <p>A3: Manage the adjudicatory process so that matters are adjudicated promptly.</p> <p><u>Target #1:</u> The Adjudications Commission will schedule adjudications at least twice monthly.</p> <p><u>Measure #1:</u> Number of adjudicatory meetings held monthly during the fiscal year.</p> <p>A4: Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.</p> <p><u>Target #1:</u> Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after</p> <p><u>Measure #1:</u> Percent of orders which were issued within the deadlines established above.</p> <p>A5: The RCA's Advisory and Judicial staffing is appropriate for the Agency to achieve the existing statutory timelines under AS 42.05.</p> <p><u>Target #1:</u> The RCA will monitor its staffing levels at least annually to ensure that staffing levels are appropriate and will report to the Governor's office any necessary modifications in August annually.</p> <p><u>Measure #1:</u> Staff report is submitted to the Governor's office annually in August.</p>
End Results	Strategies to Achieve Results
<p>B: The RCA's caseload consists of current and active cases.</p> <p><u>Target #1:</u> The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.</p> <p><u>Measure #1:</u> Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.</p>	<p>B1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)</p> <p><u>Target #1:</u> The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).</p> <p><u>Measure #1:</u> The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)</p>

	<p>B2: The RCA will continually seek to improve the hearings procedures and processes.</p> <p><u>Target #1:</u> The Chief Judge will meet with regulatory counsel at least annually to seek input on how to improve the hearings process.</p> <p><u>Measure #1:</u> The number of meetings the Chief Judge held during the year.</p>
End Results	Strategies to Achieve Results
<p>C: The RCA's final decisions are based on an evidential record and contain justification for the decision reached.</p> <p><u>Target #1:</u> RCA decisions are upheld on appeal.</p> <p><u>Measure #1:</u> The number of cases which are remanded back to the RCA from a higher court.</p>	<p>C1: The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .</p> <p><u>Target #1:</u> RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.</p> <p><u>Measure #1:</u> The number of training opportunities taken per year, compared to the number of RCA Advisory Staff.</p> <p><u>Target #2:</u> RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.</p> <p><u>Measure #2:</u> The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.</p> <p>C2: The RCA's professional staff understands the nature of the business of the industries we regulate and can appropriately advise the Commission.</p> <p><u>Target #1:</u> RCA Advisory Staff will make at least one site visit per year of a regulated entity to gain a better understanding of the operational nature of the business.</p> <p><u>Measure #1:</u> The number of site visits made annually by RCA Advisory Staff.</p> <p>C3: The RCA's final orders contain rationale for each component of the decision.</p> <p><u>Target #1:</u> The RCA's Assistant Attorney General reviews each substantive final decision before it is released.</p> <p><u>Measure #1:</u> The percent of substantive final orders the RCA's assistant attorney general reviews before they are issued.</p>

Major Activities to Advance Strategies

- Decide cases on a timely basis.
- Clearly establish the rationale and basis for
- Provide a user-friendly fully integrated website for ratepayers and regulated utilities.

Major Activities to Advance Strategies

- commission decision making in Commission Orders
- Continually improve the regulatory environment by enacting regulations which respond to the developing utility markets and ratepayer needs.
- Respond promptly to consumer needs and problems.
- Promote open process through frequent public meetings.
- Improve staff technical ability through training and industry specific interaction.
- Engage in open communication with regulated industries, political and public consumer groups.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$7,020,000

Personnel:

Full time	57
Part time	0
Total	57

Performance Measure Detail

A: Result - Timely decisions

If the RCA does not issue a final decision under AS 42.05 prior to the expiration of a statutory deadline, the filing will go into effect by force of law.

Target #1: Final decisions of the RCA issued within existing statutory deadlines.

Measure #1: Number of filings going into effect by force of law during the fiscal year.

Number of orders issued which violated statutory deadlines.

Year	YTD Total
2004	None
2005	None
2006	1 0%

Analysis of results and challenges: Currently we calculate the statutory deadlines manually. In fiscal 2006, we miscounted the time period by one day in one docket and thus the filing went into effect by force of law. The RCA has identified two new procedures to ensure that it is calculating the statutory timeframes properly.

1. Effective July 1, 2006, the RCA issues an initiating order on each matter filed with the RCA which identifies the statutory deadline. Parties disputing the RCA's calculation of the statutory deadline may petition the Commission for reconsideration within 15 days of the initiating order. Under this revised procedure, the statutory deadline is known and communicated to all parties early in the proceeding.

2. We are implementing a new case management system (CMS) which will calculate the statutory or regulatory deadlines automatically when dockets are filed based upon type of filing. The CMS will be fully implemented beginning in fiscal 2008.

A1: Strategy - Immediately assign staff resources to a docket within 15 business days after the case is filed with us.

Target #1: Issue an initiating order on all matters filed with in the Commission within 15 days after filing which identifies, at minimum:

- A. The statutory or regulatory timeline
- B. The Commission Panel Assigned
- C. The Administrative Law Judge Assigned

Measure #1: Percent of initiating orders issued on matters filed with the commission within 15 days.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented. The Agency began the process of implementing this Target on July 1, 2006, but the automated systems are not yet in place to track and report the data.

A2: Strategy - Schedule public hearings to allow parties sufficient time to present a record and the RCA sufficient time to adjudication the decision.

Target #1: In all utility and non-complex pipeline matters with hearings, initially reserve a hearing date which requires the parties to present their cases under the following timelines:

- A. 6 month statutory/regulatory timeline – 4th month
- B. 9 month

Measure #1: Percent of all utility and pipeline matters which had hearing dates initially scheduled in accordance with the above target.

Analysis of results and challenges: This is a new benchmark for fiscal 2008 which the RCA will track once the new case management system is fully implemented.

A3: Strategy - Manage the adjudicatory process so that matters are adjudicated promptly.

Target #1: The Adjudications Commission will schedule adjudications at least twice monthly.

Measure #1: Number of adjudicatory meetings held monthly during the fiscal year.

Analysis of results and challenges: This is a new Target for fiscal 2008, when the RCA will have automated tracking and reporting features implemented as part of its new case management system.

A4: Strategy - Issue the final order within a reasonable timeframe after the conclusion of a hearing based on the complexity of the matter.

Target #1: Issue the final order in a case based on the following schedule: In most cases, issue the final substantive order within 90 days after conclusion of hearing. Cases of higher complexity (as determined either during adjudication or hearing): 120 days after

Measure #1: Percent of orders which were issued within the deadlines established above.

Analysis of results and challenges: This is a new Target for fiscal 2008, when the RCA will have automated tracking and reporting features implemented as part of its new case management system.

A5: Strategy - The RCA's Advisory and Judicial staffing is appropriate for the Agency to achieve the existing statutory timelines under AS 42.05.

Target #1: The RCA will monitor its staffing levels at least annually to ensure that staffing levels are appropriate and will report to the Governor's office any necessary modifications in August annually.

Measure #1: Staff report is submitted to the Governor's office annually in August.

Analysis of results and challenges: This is a new Target for fiscal 2008.

B: Result - The RCA's caseload consists of current and active cases.

Target #1: The number of resolved cases roughly equal the number of cases received each year, excepting those cases on appeal.

Measure #1: Number of cases closed during the fiscal year, compared to total number of cases opened during the year, excepting those cases on appeal.

Docket Summary

Fiscal Year	Beginning	open dockets	closed dockets	ending docket
FY 2004	163	151	163	151
FY 2005	151 -7.36%	135 -10.60%	179 +9.82%	107 -29.14%
FY 2006	107 -29.14%	149 +10.37%	155 -13.41%	101 -5.61%

Analysis of results and challenges: The RCA has received an average of 140 new cases per year over the last three years. In response to legislative concerns about timeliness in 2003, the RCA completely restructured its Agency to aggressively manage its caseload. As a result of this effort, our docket load is well controlled and we are meeting all statutory timelines.

B1: Strategy - The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager twice monthly to review the RCA's docket status (Docket Status Meeting)

Target #1: The Chairman or Adjudications Commissioner shall meet with the Chief Judge and the Advisory Section Manager, twice monthly to review the RCA's docket status (Docket Status Meetings).

Measure #1: The number of Docket Status Meetings held during the fiscal year. (Goal: 24 Meetings)

Analysis of results and challenges: The RCA put this new procedure in place during fiscal 2007. The RCA Chairman designated an Adjudications Commissioner which is responsible for running and scheduling matters for adjudication. During fiscal 2007, the RCA held Docket Status meetings at least once monthly and the goal for fiscal 2008 is to hold at least 22 docket status meetings per fiscal year.

B2: Strategy - The RCA will continually seek to improve the hearings procedures and processes.

Target #1: The Chief Judge will meet with regulatory counsel at least annually to seek input on how to improve the hearings process.

Measure #1: The number of meetings the Chief Judge held during the year.

Analysis of results and challenges: As part of the 2005 Improvement Initiative, the RCA has met with utility and pipeline counsel annually. These meetings have resulted in improvements in the hearings process including the addition of 3 Administrative Law Judges and a Chief Administrative Law Judge. The Chief Judge is responsible for administrative hearings at the RCA and is therefore the appropriate designee to hold future meetings with counsel.

C: Result - The RCA's final decisions are based on an evidential record and contain justification for the decision reached.

Target #1: RCA decisions are upheld on appeal.

Measure #1: The number of cases which are remanded back to the RCA from a higher court.

Number of appealed decisions

Year	YTD Total
2004	16
2005	7
2006	31

C1: Strategy - The RCA's professional staff understands the complex issues presented in RCA dockets and are able to apply federal and state statutes, federal and state case law and our regulations and precedent appropriately to advise the Commission. .

Target #1: RCA's professional staff receives training opportunities annually to expand their knowledge and understanding of the regulatory environment. Goal: 60% of RCA Advisory Staff will receive a training opportunity annually.

Measure #1: The number of training opportunities taken per year, compared to the number of RCA Advisory Staff.

Analysis of results and challenges: This is a new Target for fiscal 2008.

Target #2: RCA Administrative Law Judges are provided training opportunities annually to expand their knowledge and understanding of the regulatory legal environment. Goal: 100% of RCA Administrative Law Judges will receive a training opportunity annually.

Measure #2: The number of training opportunities taken per year, compared to the number of RCA Administrative Law Judges.

Analysis of results and challenges: This is a new target. The data will be available in 2008

C2: Strategy - The RCA's professional staff understands the nature of the business of the industries we regulate and can appropriately advise the Commission.

Target #1: RCA Advisory Staff will make at least one site visit per year of a regulated entity to gain a better understanding of the operational nature of the business.

Measure #1: The number of site visits made annually by RCA Advisory Staff.

Analysis of results and challenges: This is a new Target for fiscal 2008.

C3: Strategy - The RCA's final orders contain rationale for each component of the decision.

Target #1: The RCA's Assistant Attorney General reviews each substantive final decision before it is released.

Measure #1: The percent of substantive final orders the RCA's assistant attorney general reviews before they are issued.

Percent of substantial final orders reviewed by the RCA's Assistant Attorney General.

Year	YTD Total
2004	100%
2005	100%
2006	100%

RDU/Component: Alaska State Community Services Commission*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Working together to foster, support and promote the ethic of service and volunteerism and to engage Alaskans of all ages, abilities, and backgrounds in tangible, results-oriented community projects.

Core Services

- Collaborate in the development of public and private partnerships by mobilizing volunteers, engaging youth, engaging students in communities, and harnessing baby boomers experience.
- Support and provide volunteer opportunities through education, intergenerational service activities, environmental protections, homeland securities, faith-based needs and other community needs.
- Provide guidance and service opportunities to young people, adults, and seniors.
- Ensure that national service and volunteer programs statewide are inclusive to individuals with disabilities, as well as, support community efforts to form long-term attachments to the labor market and reducing recidivism for ex-offenders involved in the Coalition for Prisoner Re-entry Program.

End Results	Strategies to Achieve Results
<p>A: Increase national service volunteerism throughout the State.</p> <p><u>Target #1:</u> Increase national service volunteerism in Alaska by 7%.</p> <p><u>Measure #1:</u> Number of national service volunteers.</p>	<p>A1: Increase volunteer opportunities in the Education Award Only Program, Learn and Serve and Disability Inclusion Grants.</p> <p><u>Target #1:</u> To serve 425 participants at the Annual Summit on Volunteerism.</p> <p><u>Measure #1:</u> Number of participants in attendance at the Annual Conference on Volunteerism.</p> <p><u>Target #2:</u> To increase number of sub grantees, partners and supporters served by the ASCSC by 30%.</p> <p><u>Measure #2:</u> To increase number of presentations to potential sub grantees, partners and supporters in an effort to increase awareness of opportunities and increase the number served by our sub-grantees after the three year grant cycle.</p> <p>A2: Revise State Service Plan as a means of public outreach.</p> <p><u>Target #1:</u> To increase statewide partner agency involvement in the revision of the State Service Plan for approval by the Board by July 2007.</p> <p><u>Measure #1:</u> Number of statewide partners involved in creating a revised State Service Plan.</p> <p>A3: Increase number of people considering volunteering through awareness of volunteer opportunities, their impact, availability, and reward.</p> <p><u>Target #1:</u> Educate resource pools of potential volunteer candidates regarding national service and volunteer programs and the role of ASCSC and sub grantees.</p> <p><u>Measure #1:</u> Number of community outreach activities</p>

	participated in such as: presentations given by Board Commissioners and staff to community organizations (Chamber of Commerce, Rotary Club, etc.), presentations given to K-12 schools and Universities, and job fairs
End Results	Strategies to Achieve Results
<p>B: Ensure that national service and volunteer programs statewide are inclusive to individuals with disabilities.</p> <p><u>Target #1:</u> Increase number of individuals with disabilities (self-disclosed) involved in national service and volunteerism programs by 25%.</p> <p><u>Measure #1:</u> Number of individuals with disabilities (self-disclosed) involved in national service and volunteerism programs.</p>	<p>B1: Engage people with disabilities in national service programs and volunteer opportunities.</p> <p><u>Target #1:</u> Create an outreach and recruitment plan that national service programs in Alaska can utilize.</p> <p><u>Measure #1:</u> Number of national service programs in Alaska that receive outreach materials.</p> <p><u>Target #2:</u> Engage 100 participants in a statewide disability inclusion conference.</p> <p><u>Measure #2:</u> Number of attendees participating in statewide disability inclusion conference.</p> <p><u>Target #3:</u> Engage an active statewide disability inclusion committee committed to efforts to increase individuals with disabilities in national service and volunteerism statewide.</p> <p><u>Measure #3:</u> Number of times that committee meets and the number of opportunities that the committee creates for individuals with disabilities.</p>
End Results	Strategies to Achieve Results
<p>C: Increase funding levels in order to ensure consistent support for national community service programs and the promotion of ASCSC as a community leader in the advancement of volunteerism.</p> <p><u>Target #1:</u> Generate \$50,000 or more in cash and in-kind to support Commission program activities.</p> <p><u>Measure #1:</u> Amount of cash and in-kind support that is generated by the Commission.</p>	<p>C1: Attain buy-in from corporations, organizations and community members.</p> <p><u>Target #1:</u> Increase generation of cash to \$35,000 from Alaska-based corporations and community organizations.</p> <p><u>Measure #1:</u> Amount of funding from nongovernmental funding sources.</p> <p><u>Target #2:</u> Increase generation of in-kind support to \$15,000 from organizations and community members.</p> <p><u>Measure #2:</u> Amount of in-kind support in the form of donations, time and services.</p> <p><u>Target #3:</u> Increase awareness within the community that ASCSC a governmental national service agency that accepts donations.</p> <p><u>Measure #3:</u> Number of outreach activities (presentations to the communities, brochures, networking by ASCSC advocates, etc), that clearly designate ASCSC as a governmental national service agency that accepts donations.</p> <p><u>Target #4:</u> Maintain training and program opportunities.</p> <p><u>Measure #4:</u> Number of training and program opportunities provided.</p>

Major Activities to Advance Strategies

- Promote national service volunteerism in Alaska through active outreach activities

Major Activities to Advance Strategies

- Ensure that national service and volunteer programs are inclusive to individuals with disabilities
- Provide training and technical assistance to organizations and communities involved in volunteerism activities.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$3,305,700

Personnel:

Full time	3
Part time	0
Total	3

Performance Measure Detail

A: Result - Increase national service volunteerism throughout the State.

Target #1: Increase national service volunteerism in Alaska by 7%.

Measure #1: Number of national service volunteers.

Number of Volunteers

Fiscal Year	YTD Total
FY 2003	116
FY 2004	20
FY 2005	134
FY 2006	138

Analysis of results and challenges: Except for a funding freeze in 2004, the level of participation has been steady. The Commission will encourage additional volunteers by encouraging greater participation at the Annual Summit on Volunteerism, encouraging the development of volunteer opportunities, seeking community involvement in creating its State Service Plan, and actively marketing the programs available to a wider audience. Through these actions, the Commission is confident that it can increase national service volunteerism by 7%.

A1: Strategy - Increase volunteer opportunities in the Education Award Only Program, Learn and Serve and Disability Inclusion Grants.

Target #1: To serve 425 participants at the Annual Summit on Volunteerism.

Measure #1: Number of participants in attendance at the Annual Conference on Volunteerism.

Annual Conference Participation Figures

Fiscal Year	YTD Total
FY 2003	110
FY 2004	125
	+13.64%
FY 2005	190
	+52.00%
FY 2006	350
	+84.21%

Analysis of results and challenges: Since 2003, the Commission has seen a steady increase in the number of participants indicating broad community support for the conference. Because of the success of last year's

conference, the Commission is confident that it will have a high number of returning participants and can achieve enrollment by another 75 participants by leveraging the participant's lists from previous years.

Target #2: To increase number of sub grantees, partners and supporters served by the ASCSC by 30%.

Measure #2: To increase number of presentations to potential sub grantees, partners and supporters in an effort to increase awareness of opportunities and increase the number served by our sub-grantees after the three year grant cycle.

Number of Sub Grantees Served by ASCSC

Fiscal Year	AmeriCorps Sub Grantees	Learn & Serve	YTD Total
FY 2004	4	6	10
FY 2005	6 +50.00%	4 -33.33%	10 0%
FY 2006	6 0%	4 0%	10 0%

Analysis of results and challenges: The Commission has maintained its number of sub grantees served since 2004-2006. Because of the three year grant cycle the Commission is confident that it can leverage this history of strong relationships into a 30% increase in generating volunteers within sub-grantees programs and is confident to achieve additional sub-grantees in the future.

A2: Strategy - Revise State Service Plan as a means of public outreach.

Target #1: To increase statewide partner agency involvement in the revision of the State Service Plan for approval by the Board by July 2007.

Measure #1: Number of statewide partners involved in creating a revised State Service Plan.

Number of Plan Participants

Fiscal Year	YTD Total
FY 2003	1
FY 2004	6
FY 2005	No Revision
FY 2006	6

2003- Only Commission Board Members

2004- Commission Board Members, ANC School District, Senior Corps, United Way, RSVP, and VISTA

2005- No Revision due to new rulemaking process.

2006- Commission Board Members, ANC School District, Senior Corps, United Way, RSVP, and VISTA

Analysis of results and challenges: After two steady years of involvement by six statewide partners in the State Service Plan revision process, the Commission is confident that these same partners will participate again. In addition, the Commission intends to leverage these relationships and the success of the revision process to initiate four more relationships with statewide partners. Many potential partners exist throughout the state that represent the diversity of the state and can offer expertise and insights into our State Service Plan revisions.

A3: Strategy - Increase number of people considering volunteering through awareness of volunteer opportunities, their impact, availability, and reward.

Target #1: Educate resource pools of potential volunteer candidates regarding national service and volunteer programs and the role of ASCSC and sub grantees.

Measure #1: Number of community outreach activities participated in such as: presentations given by Board Commissioners and staff to community organizations (Chamber of Commerce, Rotary Club, etc.), presentations given to K-12 schools and Universities, and job fairs

Analysis of results and challenges: This is a new measure and will be calculated starting in FY07.

B: Result - Ensure that national service and volunteer programs statewide are inclusive to individuals with disabilities.

Target #1: Increase number of individuals with disabilities (self-disclosed) involved in national service and volunteerism programs by 25%.

Measure #1: Number of individuals with disabilities (self-disclosed) involved in national service and volunteerism programs.

Number of Individuals with Disabilities Involved in National Service and Volunteer Programs

Fiscal Year	YTD Total
FY 2006	NA

NA- Numbers of Individuals Not Available at this time

Analysis of results and challenges: The collection of such data is a duty that will be assigned to the next internship member responsible for developing inclusion programs for individuals with disabilities in national service and volunteer opportunities.

B1: Strategy - Engage people with disabilities in national service programs and volunteer opportunities.

Target #1: Create an outreach and recruitment plan that national service programs in Alaska can utilize.

Measure #1: Number of national service programs in Alaska that receive outreach materials.

Number of National Service Programs that Received Outreach Materials

Fiscal Year	YTD Total
FY 2006	0

Analysis of results and challenges: Although outreach materials were developed, shortages in ASCSC staff have prevented the distribution of those materials. The number of outreach materials is therefore zero. The Commission plans to ensure that this next step is taken in the coming year.

Target #2: Engage 100 participants in a statewide disability inclusion conference.

Measure #2: Number of attendees participating in statewide disability inclusion conference.

Disability Inclusion Conference Participation

Fiscal Year	YTD Total
FY 2006	35

Analysis of results and challenges: This was the first year that the Commission held a statewide disability inclusion conference. The Commission was pleased with the number of participants that it received. However, with earlier planning efforts and lessons learned, the Commission expects to raise the attendance numbers to 100.

Target #3: Engage an active statewide disability inclusion committee committed to efforts to increase individuals with disabilities in national service and volunteerism statewide.

Measure #3: Number of times that committee meets and the number of opportunities that the committee creates for individuals with disabilities.

Analysis of results and challenges: These are new measures and will be calculated starting in FY07.

C: Result - Increase funding levels in order to ensure consistent support for national community service programs and the promotion of ASCSC as a community leader in the advancement of volunteerism.

Target #1:Generate \$50,000 or more in cash and in-kind to support Commission program activities.

Measure #1: Amount of cash and in-kind support that is generated by the Commission.

Cash and In-Kind Support

Fiscal Year	YTD Total
FY 2004	21,000
FY 2005	10,600
FY 2006	29,000

Analysis of results and challenges: The Commission is committed to its efforts to increase cash and in-kind donations in order to pay for the costs of its programs. With the plan to leverage community relationships, the Commission expects to increase donations from last year's levels.

C1: Strategy - Attain buy-in from corporations, organizations and community members.

Target #1:Increase generation of cash to \$35,000 from Alaska-based corporations and community organizations.

Measure #1: Amount of funding from nongovernmental funding sources.

Cash Donations from Corporations and Community Organizations

Fiscal Year	YTD Total
FY 2006	22,000

Analysis of results and challenges: The Commission was able to raise \$22,000 in cash this year and through aggressive networking activities plans to raise that to \$35,000. Fundraising activities will be the responsibility of Board members and staff and prospective donors will include Alaska-based corporations such as local banks and oil service companies as well as community organizations such as local Foundations.

Target #2:Increase generation of in-kind support to \$15,000 from organizations and community members.

Measure #2: Amount of in-kind support in the form of donations, time and services.

In-Kind Donations from Organizations and Community Members

Fiscal Year	YTD Total
FY 2005	5,927
FY 2006	7,000

Analysis of results and challenges: ASCSC will leverage its existing relationships with community partners and take steps to develop new relationships with Alaska-based corporations such as local banks and oil service companies as well as community organizations such as local Foundations in an effort to increase its in-kind donations. These efforts will be initiated by both the Board and staff.

Target #3:Increase awareness within the community that ASCSC a governmental national service agency that accepts donations.

Measure #3: Number of outreach activities (presentations to the communities, brochures, networking by ASCSC advocates, etc), that clearly designate ASCSC as a governmental national service agency that accepts donations.

Analysis of results and challenges: This is a new measure and will be calculated starting in FY07. Staff and Board members will actively participate in making presentations about ASCSC throughout the Alaska community, produce and distribute ASCSC brochures, and pursue networking opportunities to educate the

community about ASCSC.

Target #4: Maintain training and program opportunities.

Measure #4: Number of training and program opportunities provided.

Program Development and Training

Fiscal Year	YTD Total
FY 2003	1
FY 2004	1
FY 2005	2
FY 2006	3

2003- 1 Statewide Conference

2004- 1 Statewide Conference

2005- 2 Regional Conferences

2006- 2 Statewide Conferences

2006- 1 Program Directors' and Staff Conference

Analysis of results and challenges: For the first year, the Commission hosted a Program Directors' and Staff Conference as well as two statewide conferences with success. The mix of conferences was different than in previous years and proved effective for meeting our goals. Therefore, the Commission is maintaining this same agenda of training and programs with the expectation that it will allow us to focus on our goals for this year.